Dutch resistance to crnise missiles crumbles, Page 2

World news

UK sets up spy case to peak inquiry

The British Government announced an independent inquiry into the Cyprus secrets case, in which eight servicemen were acquitted of Official Secrets Act charges in the UK's longest and most expensive spy trial, estimated to have cost £5m (\$7.1m).

Prime Minister Margaret Thatcher, promised a full report to parlia-ment after consulations with the of the Security

American Control of the Control of t

Commission.

She revealed that the case was referred to the Security Commis-sion in June 1984 because of the gravity of the apparent breaches of the gravity of the apparent breaches of security. The inquiry will look into the conduct of investigations by the Royal Air Force and Army police. Page 11

indian spy charge

India was hit by a new spy scandal when businessman Rama Swaroop was charged with passing secrets to Israel, West Germany, Taiwan and several unnamed countries.

Bhutto 'freedom'

Pakistani opposition leader Benazir Bhutto is expected to be freed from house arrest in a few days so that she can go to France for an inquiry into the death of her brother, police officials said.

Bombay clash

About 2,000 striking taxi drivers clashed with police in Bombay. At least 15 officers were injured.

Rebels kill two

Maoist rebels in Peru burned an Indian hamlet and executed two peasants said to be collaborating with the army in an attempt to halt defections from the Sendero Luminoso guerrilla movement.

Nigeria reviews case

Nigerian military anthorities said they were setting up a panel to re-view the case of former President Shehu Shagari, who has been under house arrest since his overthrow by the army in 1983.

Students 'tortured'

South Korean opposition leader Kim Young-Sam accused the au-thorities of torturing some of the 26 students arrested on charges of trying to topple the Government.

Sakharov move

Yelena Bonner, wife of banished Soviet physicist Andrei Sakharov, has been given permission to leave the Soviet Union for medical treatment, Soviet journalist Victor Louis said. Page 2

Dublin kidnapping

The wife of a senior American Ex-press executive in Dublin was kid-napped by an armed gang and held for ransom for the second time in 18

Victory for Doe

Liberian military ruler Samuel Doe was declared the victor in a presidential election which his opponents said was marked by intimidatioo and widespread irregularities.

indonesia astronaut

Indonesia named a woman scientist as its first astronaut. She will take part in a U.S. space shuttle mission.

Times editor dies

Charles Douglas-Home, editor of the Times of London, died aged 48 after a long illness. Ohituary,

Piggott's fareweli Lester Piggott rode his 4,349th and last winner - Last Choke - on a British race course. He plans more riding in the U.S. and Australia

before retiring after Christmas.

M & S leads London

Business summary

No. 29,766

funds swept many London shares to new peaks, with Marks & Spen-cer's better than expected interim The FT Ordinary Share Index closed up 12.7 at a record 1061.3, compared with the previous high of 1051.6 reached on October 24 1985. The FTSE 100 gained 16.6 to 1384.4, overtaking the October 24 peak of

Marks & Spencer's pre-tax inter-im profits were 22 per cent up at £137.7m. Page 20; Lex, Page 16 WALL STREET: The Dow Jones industrial average closed up 8.74 at 1,368.73. Page 34

TOKYO stocks turned lower in lack-lustre trading. The Nikkei market average lost 23.12 to 12,913.92. Page 34

DOLLAR lost ground in London, closing at DM 2.621 (DM 2.643), SwFr 2.149 (SwFr 2.167), FFr 8.0025 (FFr 8.055) and Y212.3 (Y213.5). On Bank of England figures, the dol-lar's exchange rate index fell from 130.6 to 130.0. Page 27

STERLING gained 75 points against the dollar in London to close at \$1.435. It was lower, how ever, at DM 3.7625 (DM 3.7725), SwFr 3.085 (SwFr 3.0925), FFr 11.485 (FFr 11.4975) and Y304.5 (Y304.75). The pound's exchange rate index rose to 80.8 from 80.8.

GOLD In New York the Comex De-cember settlement was \$329.3 fell 75 cents on the London bullion market to \$326.00 and was down 20 cents in Zurich to \$326.55. Page 26

BRITAIN's manufacturing compa nies reported that the outlook for industry's costs was the best for 18 years, but said business confidence had weakened and export orders had levelled off. Page 12

TRAVEL companies in Britain continued their avalanche of price cuts for package tours as the head of the country's travel agents' federation expressed alarm about the financial consequences for the industry.

CHANNEL TUNNEL Group, one of four competitors for a contract to mentation of the central market in build a fixed link between Britain securities in the UK at a time when and France, said it had received provisional commitments of up to £4.2bn (\$6bn) in development loans from 31 international banks.

MASSEY-FERGUSON, Canadianbased farm-equipment group, is to invest a further £60m (\$85m) at its tractor plant in Coventry, England, but up to 500 jobs are likely to be shed because of increasing automation. Page 12

SAFEWAY STORES, U.S. supermarket group, is to raise £40m with a £100m issue of "deep discound stepped-interest loan stock," a new form of bond in the British market

Markets, Page 17 KOHLBERG Kravis Roberts, the Wall Street investment firm, sweetened its cash-and-paper leveraged buyout bid for Beatrice Companies the U.S. food and consumer prod-ucts group, by \$2 a share to \$47 a share, or a total of \$5.12bn. Page 17

ALLIED-LYONS attacked a consortium of banks, led by Citbank of the U.S., which is involved with the Australian brewing company El-ders IXL in a £1.8bn (\$2.56bn) takeover bid for the British food and drinks group. Page 21

STANDARD CHARTERED, inter national bank based in London, is to reduce its stake further in its South African affiliate Stanbic from 42 per cent to 38 per cent. Page 21

XEROX, the U.S. office equipment group, posted a \$15m third-quarter loss after taking previously announced charges totalling \$164m related to the restructuring of its of UK contributions to the EEC while budget experts Crum and Forster insurance subsidiary. Page 17

PIRELLI and IBM are to launch a

Tin talks continue as LME seeks £50m crisis fund

BY STEFAN WAGSTYL IN LONDON

THE INTERNATIONAL Tin Council, meeting in London, will today resume its emergency session called in the wake of the collapse of the world tin market.

Members of the producers' and consumers' price pact last night adjourned after six hours of talks to consult their governments about plans to refinance their efforts to control tin prices.

The London Metal Exchange, the world'a leading metals market, bas tried to restore confidence in its market-place by asking traders with outstanding ITC contracts to lodge a total of over £50m (\$71m) against possible losses.

In other developments, Bolivia has warned that the threat to the value of its tin exports is desperate. In Brazil, a fall in shares in the leading tin producer has hit the São Paulo Stock Exchange, and in Britain, Members of Parliament representing Cornwall have pressed, the Government for action to secure the future of the country's tin mining

Delegates of the 22 ITC memhers met yesterday behind closed doors to review the crisis, which blew up last week when the ITC announced that it had run out of money to support tin prices and trading was sus-

pended on the London Metal would only encourage non-ITC pro-

After the meeting, delegates said they were determined to keep the ITC going and to honour its obligations. But some warned that it would take time for governments to approve extra finance and any decision to lower the tin price to levels where it is more easily defended. One delegate said that yesterday's meeting had not considered a single concrete proposal.

Fears that the ITC might not

reach a settlement - at least not by the end of today, when the emer-gency meeting is scheduled to fin-ish - were reinforced by comments made by Datuk Paul Leong, Primary Industries Minister of Malaysia, the largest producer. He warned that the London Metal Exchange should consider the possibility of a tin market without the intervention of the ITCs buffer stock manager (who controls the price support schemes) in the near

Datok Leong said the world tin surplus meant it was no longer possible to defend prices at current

Malaysia and other producers are

ducers, including Brazil and China

to step up production.
At the London, Metal Exchange. where tin trading has been sus-pended at least until the end of today and possibly until Monday, the ruling board and committee has attempted to restore confidence by asking the 14 ring-dealing members with outstanding contracts with the ITC to pay security deposits of £1,000 for each tonne of metal in-

Mr Michael Brown, chief execu-tive, said that all 14 had met this request to the board's satisfaction. These traders have paid up just

over £50m, or an everage of more than 13m each, to cover contracts for a total of some 52,000 tonnes of tin. Assuming that the tin was bought at an average of £9,000 a tonne, the total ITC debt to exchange members is about £470m. The potential loss would then be £50m for every £1,000 the price falls below this figure. It was suspended at £8,140 on Thursday.

Despite the assurances of the exchange'a authorities, some traders are taking no risks, refusing to take

Continued on Page 16 Future of LME; Banks' involve-ment, Page 26

London SE bid to avert foreign split in market

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

expected to discuss the possibility of setting up an international securities exchange with foreign bankers and brokers operating in

A meeting of the 52 members of the ruling council yesterday at-tempted to devise a policy for the tem of supervision in London's exchange that would prevent a fragsecurities in the UK at a time when sweeping regulatory reforms are planned for London's financial

Sir Nicholas Goodison, chairman, and officials have been alarmed at an initiative by foreign brokers and bankers who intend to set up their own UK regulatory organisation. standards of investor protection.

move by the international securi-ties dealers and their proposed poli-

The exchange warned that such a move would not only lead to fragmentation of the market in UK secprities but might also undermine Yesterday's meeting decided to adopt a conciliatory approach to the

a steering committee of the international dealers, which is being set up to form the body.

The exchange itself intends to become a recognised self-regulatory

organisation in the reformed sys-

financial community. self-regulatory body so that many ing.

different types of securities dealers will be encouraged to become It will also lower the cost of entry for new members, although no de-

tails were finalised yesterday or amounts agreed.

plans on Thursday.

Yesterday's debate took place as controversial plans for the future supervision were being drawn by Sir Kenneth Berrill shairman.

THE LONDON Stock Exchange is International Securities Regulatory latery body of the financial expected to discuss the possibility Organisation. Talks are likely with community. The board will be able to autho-

rise investment businesses directly. Alternatively, firms may gain their authorisation through self-regulatory organisations. In addition, the board will be able to recog-nise investment exchanges that would regulate markets, provide should establish a wide-ranging and establish rules for market-mak-

The exchange intends to be both a self-regulatory organisation and a recognised investment exchange in the new supervisory environment. The Securities and Investments Board's preliminary plans anticmounts agreed. ipated that companies supervised
Sir Nicholas intends to make a by the International Securities Re-

Takeover policy outlined, Page

Britain to get 'surprise' £7m bonus on EEC budget refund

markable budgetary feat in the EEC, in defiance of its normal status as a heavy net contributor.

Next year, the UK Government is some £7m (\$9.9m) more than a £148m extra payment it is making to the Community budget this year. British ministers have remained noticeably reticent about this small windfall, even in the face of sharp

BRITAIN is about to achieve a re-nance ministers' meeting on payment into the 1986 budget for markable budgetary feat in the Monday.

All remained calm, however, and the ministers endorsed a payment to the UK to be made next year of set to get back in refunds a bonus of Ecu 264m (£155m). No one seemed to want to take issue with the fact that this is more than the Ecu 253m (£148m) extra budget contribution VAT ceiling to 1.4 per cent, a deciwhich needs to be offset.

The anomaly results from a quirk inextricably linked.

in the complex formula agreed at Any uncomfortable reminder last year's Fontainebleau summit of Perliament in the House of Commons last week about the level of UK contributions to the EEC or the Brussels budget.

To Regular two-thirds formula works, predictable or unpredictable, would not help that debate. So the ministers agreed thet

the windfall with the use of arcane ed the European Commission not to mathematical formulae, the French ask for it until next September. ferred to take this punishment rath- Finance Minister, for one, wanted 50-50 joint venture company in the building security sector with an initial capital of \$4.5m. Page 17

amendment to the budget amendment to the budget explanations. Ministers made no move to insert Britain's Page 16

bating the EEC budget next week.

The French deputies will be

asked to ratify the Community sion to which the British rebate is

about the way the Fontainehleau While budget experts can justify the money was owing - but instruct when it will have to submit a late New EEC unit trust rules,

cing body, provisionally called the Board, which is to be the main regu-

BY QUENTIN PEEL IN BRUSSELS

Management: plateau prob- Lex: Safeway bond; Channel lem facing managers 8 link; Marks & Spencer ... 16

Union; coal power 14 move by central bank 19

Saudi economy: Kingdom Commercial law: persistent

Chicago Pacific acquires Hoover for \$532m By Terry Dodsworth in New York

HOOVER, the 71-year-old company whose came is virtually synony mous with vacuum cleaners, has agreed to a \$552m takeover in a further shakeup of the U.S. household products industry.

The Ohio-based group announced yesterday that it had signed a definition expensery on a cash tander

nitive agreement on a cash tender offer of \$43 a share from Chicago Pacific, a former railway company Agreement came only two weeks after Chicago Pacific, which used to be known as the Chicago Rock Island and Pacific Railroad, made an initial offer at \$40 a share.

Hoover has given Chicago Pacific the option to acquire almost 16 per cent of its shares in a deal which is designed to ward off alternative offers. The company added that all the Hoover board members, who are believed to own about 10 per cent of the company, had expresse their intention to tender their

shares to Chicago Pacific. Since the bid was announced. Hoover abares, which had traded as low as \$24% over the last 12 months, have consistently changed hands at more than the price of \$40 placed on them originally by Chicago Pacific. The vacuum cleaner company made it clear from the start that it was prepared to accept a higher bid, by asking its adviser, the Lazard Freres investment bank, to explore all alternatives which may be available to maximise value."

In hectic trading yesterday, the shares jumped \$1% to \$43 by mid-

Chicago Pacific, a cash shell after the sale of all its railway properties over the last few years, gave oo in-dication of what it intends to do with Hoover, But its takeover comes at a time when the U.S. household products sector is going through a phase of aggressive

Only last year, Black & Decker, the hand tool manufacturer, acquired General Electric's small kitchen appliance division. Whirlpool, one of the leading large kitchen equipment manufacturers, is currently trying to take over Dart &

man of accountants Arthur Andersen, and which was carrying cash of around \$256m at the end of June, has only recently emerged as a company aiming to expand through takeovers. Last year it launched an abortive \$1.6bn bid for Textron, the Connecticut conglomerate.

Banks call for negotiations on Baker plan

REPRESENTATIVES of major in- ing countries by \$20bn over the

D 8523 B

They made it clear, however, that further negotiations would be required before they could commit themselves to the increased bank lending called for by Mr James Baker, the U.S. Treasury Secretary. The bankers in particular, want

governments to play a higger role and, by implication, to provide additional money through export credit agencies, in boosting the flow of funds to the 15 countries targeted by Mr Baker for increased lending. This is according to Mr Andre de Lattre, head of the Institute of International Finance, a bank-owned think tank based in Washington.

Mr de Lattre made clear yester-day that the institute did not have the role of negotiating with the governments either of creditor nations or debtor nations.

Mr de Lattre said that the repre-

sentatives of the 60 banks who ottended the meeting at the IIF on Monday had expressed a general support for a more co-ordinated approach "to the debt problem" and for Mr Baker's proposal aimed at belping developing nations grow out of the debt problem. Mr Baker has called for banks to increase their lending to 15 develop-

ternational banks who have leot to next three years and for multilaterdeveloping countries yesterday broadly endorsed the U.S. Treasury's initiative to accelerate growth in the Third World. debt proble

Commercial bankers have clearly decided that they should take Mr Baker's proposal as an opening bid in a negotiating process with credi-tor governments and with the World Bank. There is a need for more information and study, especially about the role of the multila-teral development banks. Mr de Lattre said yesterday, adding that "there is a wish for more involve-

ment of creditor governments."
He maintained that the commercial banks had broadly maintained their share of lending to developing countries in recent years, but that official lending (outside the World Bank and the IMF) had declined and that there was a need "to restore a larger share for official, especially export credit, agency

He said that talks oeeded to be beld by the banks with their gov-ernments and also with bank regulatory authorities "to see how new loans can be best dealt with by the regulators so there is no impediment to new lending." Discussions were oeeded with the World Bank

Continued on Page 16

Philips and Du Pont in laser-disc link

BY JASON CRISP IN LONDON

PHILIPS, the Dutch electrical products manufacturer, and Du Pont, the U.S. chemicals group, are forming a joint venture to exploit new optical technologies including compact audio discs, video discs and discs for storing compoter data and in North Carolina which will have a information.

The oew company, which concurrently trying to take over Dart or currently trying to take over Dart or Kraft's dishwasher division. For eign producers, particularly the Japanese Matsushita coocern, are parent companies expect it to require \$500m for capital expenditure. The intention is for PDO to take over the plant completely.

On Poot's initial contribution to

Mr Gerrit Jeelof, vice-president tial payment to Philips, which is of Philips, said in London yesterday providing most of the initial assets. that be expected the new company Neither company would disclose - Philips/Du Pont Optical - to have sales in the region of \$1bn by 1990, representing about a quarter of the world market. By then it was also products by 1990.

expected to have 3,500 employees in factories in Europe, the U.S. and Ja-

The two companies anounced capacity of 50m to 60m discs a year. PDO also starts with a 50 per cent

the joint vecture will be a substan-

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Liberia: dollar drain fuels Exchange rates: new light on

Editorial comment: Soviet Swiss capital markets: global

Ford of Europe: five minutes Aluminium:

And the second transfer of the second second

Greek civil servants to strike against austerity measures

BY ANDRIANA IERODIACONOU IN ATHENS

economic austerity measures result of the austerity measures sumed for a second week yesterday, after a brief respite on Monday for a national holiday.

The most dramatic is a 24-bour stoppage today by 300,000 civil servants. Public services, state schools and bospitels, courts, ports clustoms and transfer of the system of linking wages to inflation.

courts, ports, customs and tax. A significant number of offices are all expected to be Socialist unions are committed

Teachers at private and state schools are to stay out on strike until Saturday. Post office wor-kers and bospital staff stopped work for 24 hours yesterday. Today's civil servants' strike bas been endorsed by the Socialist majority in the leader-

MASS STRIKES against the in the Socialist union move-Greek Socialist Government's ment nationally as a result of economic austerity measures re-the austerity measures

to fighting the measures. Eight senior unionists were expelled from the Socialist party 10 days ago for supporting protest strikes. They have retaliated by lending their weight to continued labour setting. tinued labour action, and join-ing Communist colleagues in an attempt to depose the Socialist president of the trade ship of their union, underlining Socialist preside the split which has developed union congress.

Bulgaria accuses planners and managers of inertia

BY PATRICK BLUM IN VIENNA

BULGARIA HAS stepped up its battle for higher efficiency by accusing planners and managers of inertia and incompetence.

An editorial in Rabotnichesko Delo, the Communist Party daily newspaper, said economic daily newspaper, said economic fodder and energy. daily newspaper, said economic and planning organisations have "not overcome inertia and have continued to drift along the old patterns. Their projects have been far removed from the requirements of the continued to the continu from the requirements of the new approach" adopted at a plenum of the party's central committee in February.

There has been growing con-cern in Sofia about the effects on the economy of problems in energy and agriculture caused in part by a severe drought. Industrial and agricultural out-puts are expected to fall short of targets and criticism of tural goods has been lower than management has grown.

The daily said that, one of 1984.

Poland eases fund raising

POLISH state-owned enter panies have expanded, and prises will be able to raise built roads and amenities with POLISH state-owned entermoney by issuing honds from next year as part of wider plans to restructure the economy, the government newspaper Ezeczpospolita said yesterday, Reuter reports from Warsaw. Bonds may be sold to other state-run coocerns from January 1.

Polish newspepers have com-mented favourably on Hun-gary's example where com-processed products, It added.

funds raised through issuing

expenditures" was needed.

Rzeczpospolita said the Government has also finalised a system of income tax reduc-tions to promote technological progress, exports and greater economy of materials and energy. Preferential tax con-

Solidarity cash ruling

THE POLISH Supreme Court or upheld a lower court order that he dered a former Solidarity underground leader yesterday to repay the money, which the Government maintains financed money collected by the now-outlawed free trade unioo that the under martial law. Government claims was spent illegally, the Solidarity activist said. At issue is 80m zlotys (\$570,000)

COME

COME

ABU DHABI, U.A.E., ABU DHABI SHERATON DOHA, QATAR, DOHA SHERATON HOTEL DUBAI, U.A.E., DUBAI SHERATON HOTEL

KUWAIT CITY KUWAIT, KUWAIT SHERATON HOTEL MANAMA, BAHRAIN, BAHRAIN SHERATON

RIVADH, SAUDI ARABIA, ATALLAH SHERATON

4 1985 The Shereton Corporation

The lower court ruled the money belonged to a new pational trade federation created by the govern-ment to replace Solidarity.

DONA SHERATON HOREL: 419 ROOMS / BEACHFRONT / 6 MILES FROM ARPORT / MEETING FACULTIES ACCOMMODATE UP TO 700.

U.S. spells out Soviet arms pact violations

By Bridget Bloom, Defence Correspondent, in Brussels

THE U.S. yesterday presented detailed evidence of Soviet violations of two major arms control agreements to Nato defence ministers meeting here in the Nuclear Planning Group.

> It was described as "copius and convincing" by Herr Manand convincing" by Herr Manfred Woerner, tha West German
> minister. Corning only three
> weeks before the November 19
> summit between President
> Ronald Reagan and Mr Mikhail
> Gorbachev, yesterday's presentation by Mr Caspar Weinberger, the U.S. Defence
> Secretary, was clearly designed
> to win strong support from the
> U.S.'s Nato allies.

The precise form of that sup-The precise form of that sup-port will only become evident with the publication today of the NPG'a final communique. In the past, such US allegations have been greeted with con-siderable scepticism by some European defence ministers, but yesterday there was evident concern to paper over these dif-ferences. ferences.

The US case, which British The US case, which British officials said gave more details about existing charges, is that the Soviet Union has hreached both the Sait 2 arms agreement and hie Anti-Ballistie Missile (ABM) treaty by deploying e new intercontinental ballistic missile, the SS-25, and by building e new surveillance radar et The introduction of new tech-nologies was "sluggish" and "formalism and incompetence" affected supplies to and the maintenance of plants. "A de-clsive improvement of the man-ner of planning and investment expanditures" was needed.

The Soviet Union says that the SS-25 is an improved version of the SS-13 and is therefore allowable under the SS-11 2 Industrial production in-creased by 4 per cent in the first nine months of this year compared with 5.2 per cent planned for the whole of the year, Production of electricity, coal ferrous metals and agricul-tural goods has been lower than in the corresponding period in agreement However, Mr Wein-berger and his officials, whose presentations are said to bave included satellite photographs of great clarity (as well as a cardboard scale model of tha Krasnoyarsk radar station), said that the SS-25 is 10 per cent longer than the SS-13 and had 92 per cent more launch power. The missle is said to have been deployed at three sites.

Herr Woerner said later that the U.S. charges should not be taken to mean that either the U.S. or other Nato countries be-lieved that arms control agreements were not worth while or that the Soviet violations enabled the U.S. totake equivalent measures. However, it did mean thet verification had to be an extremely important part of future agreements.

According to British officials the Neto ministers yesterday gave formal approval to the de tailed plan by General Bernard der in Europe, for implementing the 1983 decision to reduce by 1,400 the European stockpile of tactical nuclear weapons by

However, a decision his proposal to modernise the re-maining stockpile by introducing new nuclear weapons, in return for further withdrawals count 10 days before the martial law crackdown and suppression of the union in December 1981.

Mr Pinior, said the supreme court

ment to replace Solidarity.

ment to replace Solidarity.

Mr Pinior had appealed against the lower court ruling, made in February in the southwestern city of Mr Pinior, said the supreme court

Wrocław, where he lives.

Mr Pinior had appealed against the lower court ruling, made in February in the southwestern city of give fresh impetus to the nuclear protest movement.

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GULF

Ministers try to break deadlock over steel controls

BY PAUL CHEESERIGHT IN BRUSSELS

EEC INDUSTRY ministers tried issue is whether production yesterday for the second time quotas should remain or the this month to settle the pattern of cootrols to remain on the steel market and the nature of subsidies to be permitted to eteel companies after the end of this year.

Failure to reach agreement that unless British Steel is whether production fundedate liberalisation of the quota scheme, preferring to delay until existing subsidies work their way through the system.

West Germany, however, remained adamant that no further subsidies should be granted after the end of this year.

Industry Minister, made clear granted after the end of this year. It has strongly op-

Failure to reach agreement on the controls poses a threat to the stability of the Community steel marker that is becoming any agreement on subsidies. The increasingly serious. The key UK, in any case, is against an

Industry Minister, made clear that unless British Steel is given a larger share of quotas. the Government would block

year. It has strongly op-posed e Commission scheme permitting limited subsidies in order to encourage further plant closures.

At the other end of the spectrum, Greece wanted more subsidies in the form of regional aid, an argument which runs counter to the Commission view that steel industry aid should not be mixed up with regional

Yesterday, Mr Peter Sutherland presented tighter Commis-sion proposals, confirming the use of aid for closures, but he failed to find a means of recon-

ciling the extreme German and Greek positions.

The Community is committed politically both to ending sub-sidies for the steel industry at-the end of this year and to lifting market controls—the two ans chosen to resructure the

Big French bank loses loan battle

By David Marsh in Peris CREDIT LYONNAIS, the second largest French nationalised bank, is to repay early a FFr 500m (\$43.5m) low cost loan granted by the Government in 1980 to stiften its capital resources.
This follows several months

of wrangling over the Finance Ministry's request that the loan—originally due to run until 1995 — should he repaid early to help finance the budget deficit. M Jean Deflassions, the

M Jean Deflassionx, the bank's chairman, claimed that early repayment would harm the bank's financial structure, but government officials now say he has been overruled. The loan, which will be repaid around the end of the year, carries a low interest rate of about 5 per cent linked to the bank's financial performance. It was granted by the pre-

it was granted by the previous administration under President Valery Giscard d'Estaing to boost Credit Lyonnais' capital resources in which it had fallen behind the other two main Freuch commercial banks.

Credit Lyonnals officials say the matter has now been settled."

In line with the Finance Ministry'e wishes that the nationalised banks should make more use of the finan-cial markets to improve their capital backing. Credit Lyonnais earlier this month raised a FFr 1.5hn non-repay-able subordinated note issue on the Paris financial markets

on the Paris financial markets carrying an interest rate linked in bond yields of about 11.75 per cent.

This follows a pattern of issuing subordinated debt already established by Societe Generale and Banque Nationale de Paris, the other two big French banks.

Compromise on finance for jobs insurance

By Our Paris Staff

FRENCH unemployment in-surance contributions will rise from next month as a result of a last-minute financ-ing compromise hammared out yesterday by the Patronat employers' association and the main trada unions which run the system. the system.

All the main unions except the Communist-backed CGT confederation signed the agreement reached after a 12hour meeting which finished in the early hours. It will put up contributions by 0.38 per cent, paid for by emplayers and employees who share financing roughly in a 2:1 ratio.
The agreement also extends

The agreement also extends the unemployment benefit period slightly for long-term jobless. The Government is also to be asked to help reschedule repayment to the hanks of FFr 12hn (£1,04bu) of loans contracted to help finance the system last year.

Bail refused for former SMH chief

By Jonathan Carr in Frankfurt COUNT Ferdinand von Galen,

former senior partner of the Wast German bank Schroeder, West German bank Schroeder, Münchmeyer, Hengst (SMH) which nearly collapsed two years ago, must stay in jail despite an offer of DM 18m (86m) bail put up by his family and friends.

The state superior court in Frankfurt yesterday ruled that although the DM 16m was one of the highest sums offered for bail in the country's history, there was still a danger that Count you Galen might flee the country.

The judges thus overturned, on an appeal from the state prosecutor's office, a decision earlier this month by a lower court that Count you Galen, who was 50 years old this month, was arrested in Frankfurt last December

ed in Frankfurt last December soon after arriving by aircraft from Paris. Along with three for-mer associates, he faces trial on charges of fraud and breach of

trust in connection with the near-collapse of SMH. A consortium of German banks stepped in with a rescue operation in November, 1983, af-ter SMH seriously over-lent to

Lloyds bank of the UK swiftly hought up the healthy parts of the old SMH and formed a new research. operation under the same name with effect from January, 1984.

Netherlands is just too exampla half. Hopes are runexhausted to fight any more.

The politically adroit Mr and U.S. President Ronald Reagan could sow the seeds of to tell the anti-missile forces an arms-cootrol act their

Jamehing conditions of the U.S. cruise missiles.

The presigned quiet acceptance of the North Atlantic Treaty organisation (Nato missiles contrasts sharply with the flerce political independence and flery peace activism that twice has deleyed epproval of the medium-range missiles.) But things have

The Dutch are more mellow than they were in the early 1980s when bundreds of thousands of demonstrators converged on Amsterdam and The Hague to protest against the stationing of the missiles at the Vicensdrecht site near the Relean border.

the Belgian border.

Only a fraction of that number gathered in The Hague last weekend to present Mr Lubbers with 3.5m signatures opposing the missiles and to buckled in the face of election register a last-minute protest.

The signatures, if vertified.

faces journalists this Friday, he is expected to make an extraordinary announcement that many people have been fighting bitte. Ty for the last six years while others have been waiting hopefully.

He is expected to say that despite public opinion polise the Netherlands will finally accept 48 nuclear missiles on Dutch soll after years of divisive opposition, delay and soul-searching.

The centre-right Govern-

The Dutch would like to restore their slightly tarnished credibility with their Nato partners who have already allowed the majority of missiles -quiet .to be placed on their soil.

> hid hy Soviet leader Mikhail Gorbachev to avert the Impending Dutch decision failed to sway the Government and hardly fanned the dying embers ment in Paris that the number crats, of SS20 missiles aimed at The Europe had been slashed to 243 still left too many of the triple-warbead weapons in place to

stop the Dutch. Under a 1984 Cabinet agreement, the Dutch are to fulfil the 1979 Nato promise to deploy Cruise missiles if more than 378 SS20s are targeted on both Europe and Asia as of November 1 1985. Nato figures, which the Dutch are relying on, show a total of 441 SS20s on both sides of the Ural Mountains, a

buckled in the face of election uncertainty and Labour Party threats for a number of reasons. would represent one in five of all Dutch people. Nevertheless, no mass demonstrationus have bee planued for this week.

While scattered protests probably are inevitable, people generally are tired of and bored with the endless poblic debate while the previously spirited the signatures, if verified, theretainly and bands the attempt of reasons.

For one, the siting of the ground-hugging missiles will not take place until 1988, by which time a U.S.-Soviet arms control treaty could mean fewer missiles actually stationed.

The 1984 Cabinet agreement hald that if such a treaty wera

restore the Netherlands' slightly tarnished credibility within Nato, Fellow Nato partners, especially those in Europe, beve already borne the brunt with 143 missiles placed on the large and feel that the

In recent years, the Dutch Reformed as well as Roman Catholic churches have been

industry through capacity reduc-tions and increases in productivity. But these commitments have been forgotten in the face of the industry's fragility.



Rund Lubbers (left) is expected finally to oversee an agreement to deploy U.S. missiles. The definance shown by demonstrators, here by soldiers in the 1981 300,000-strong march, has become markedly subdued in the last two years.

Laura Raun reports on the expected deployment agreement

Dutch cruise resistance crumbles

EVERY FRIDAY after the and influential peace move weekly Dutch Cabinet meeting ment is enervated by years of proportionately smaller number thuge demonstrated for their missila quota, for example half. Hopes are runted to fight any more.

Mr. Rund Lubbers, the Prime seemingly futile efforts. The of their missila quota, for example half. Hopes are runted to fight any more.

Netherlands is just too example half. Hopes are runted to fight any more.

The politically adroit Mr and U.S. President Ronald their interview.

soul-searching.
The centre-right Govern-ment's decision virtually is assured of parliamentary epproval in coming weeks as is a Dutch-U.S.-accord on the launching conditions of the

missiles.) But things have changed in the Netherlands. which is the last of the five European Nato partners to accept its share of the 572 cruise and Pershing missiles agreed on in a 1979 Alliance

November summit in Geneva. Another two years of missilebase preparations would give arms negotiators time to ham-

mer out a final accord.

This is also why Mr Lubbers will not order some of the single-warhead missiles into Woensdrecht within hours of

Cabinet approval, as did Mr

Wilfried Martens, the Belgian Another reason for the Government's resolve is better party discipline following the Gorbachev's recent announce- faction in the Christian Demo-The Dutch would also like to

on their soil and feel that the Netherlands too must carry its share of the burden.

One of the most significant changes has been the ebb of the Dutch peoce movement. The Dutch have been a peace-loving people historically—as early as the 17th century the burger elite adamantly avoided war so as to pursue its commercial trading in an unfettered fashion.

Huge demonstrations, however, do not have the appeal they had in the early 1980s when the missile question was fresh and political idealism

Mr Mient Jan Faber, the head Mr Mient Jan Faber, the head of the inter-church peace and a driving force behind the Dutch anti-nuclear forces, contends that peace activists must emerge from the "subculture" and enter the mainstream of politics. "We can't expect that an anti-weapon approach alone will succeed—that is the lesson of the past few years," he said during a peace convention last summer.

That is largely why the last-ditch efforts to halt deploy-ment have taken the form of a petition drive. The bitter lesson of the last few years is that speeches, marches and violence have not kept. US cruise and Pershing-2 missiles off West German, Italian, British, Belgian and probably Dutch soil.

The Hague has yet another vince the Dutch of the need to deploy—the prospect of scrap-ping other Neto nuclear tasks

in exchange for siting the cruise missiles,
Mr Jacob da Rulter, the Defence Minister, broached the subject within Nato two years ago and the demand for a cut in the nuclear arsenal in the Netherlands can only be expected to escalate.

This Friday the Cabinet is to

announce how many of the Neto nuclear duties the Netherlands wants to drop.

The active nucleer arsenal

comprises the 8-Inch M110
Howiter, the F-16 jet fighter, the Orion reconnaissance aircraft and tha Lance guided missile.
Mr De Rulter, backed by

Christian Democratic parliamentary leader Mr Bert de Vries, wants to retain only the Lance and M110 while Mr Hans. closely involved in peace efforts.
Finally, the Dutch argue that in a country as crowded as theirs—the most densely populated in Europe—nuclear missiles are particularly viries, wants to retain only the Lance and MillO while Mr Ram van den Broek, the hard-line foreign minister, opposes any reduction in nuclear duties. The nuclear-task debate no doubt will linger on for years.

Scheme to link Eureka with military projects

BY DAVID MARSH IN PARIS

forward by a senior executive with Matra, the French state-controlled defence and electronics group. M Jean-Louis Gergorin, an advis-er to M Jean-Luc Lagardere, the Matra chairman, told a business hunch club yesterday that a separate Eureka organisation was needed with a restrained member-

ship to co-ordinate European re-

search efforts in fields such as anti-ballistic missile systems. He made clear he was thinking mainly about co-operation between France and West Germany but added he believed Britain would be interested too. Matra has been making intensive efforts over the past few months to co-operate both in the Eureka high technology pro-gramme and to work on the U.S.

Strategic Defence Initiative. Matra is the only leading French company to have declared publicly it is interested in SDI work. The American project has been labelled economically and technologically not feasible by the French Govern-ment. The Mitterrand administratioo has said it will not participate officially in the programme but will none the less allow French companies to carry out contracts for SDI

French government officials in

A PLAN to set up European military research projects linked to the European countries — should help Eureka programme has been put develop technologies in areas such as computers, software and optics with potential uses in both military and civil fields.

> But the remarks by M Gergorin— who was formerly head of the French Foreign Ministry's Ceotre d'Analyse et de Previsioo (CAP) think-tank - add up to the most direct statement yet of support for a "military" Eureka.

Matra wants to participate in SDI research because it believes both that it will benefit from technology spin-offs and also that eventually European governments will be in-terested in developing their own anti-missile defence systems.

Matra already has experience in working with the U.S. Ad-ministration over the joint European/American Spacelab programme. The company has had reg-ular contacts with the U.S. SDI Organisatioo (SDIO) this year - including a meeting earlier this month with Lt Gen James Abrahamson, the head of the SDIO - and hopes to win its first contracts under the programme before the end of the year.

Ironically, a report from the CAP leaked to the Press earlier this year, after M Gergorin left the orgathe past have said that the Frenchinspired Eureka programme - misation, argued against participainspired Eureka programme - misation of European companies in SDI, ing e radar station at Krasnoyarsk

Sakharov's wife given exit visa for treatment

BY PATRICK COCKBURN IN MOSCOW

of Dr Andrei Sakharov, the dissident Soviet nuclear scientist, is to
leave the Soviet Union for medical
treatment, according to Mr Victor
Louis, a Soviet journalist often used
(ABM) treaty of 1982. The Soviets

are conduit for information on Dr

Sakharov.

husband in the city of Gorki, east of Moscow. She wishes to go abroad for treatment to her eyes.

Dr Sakharov, exiled to Gorki in tral issue at the summit. 1980, went on hunger strike las year to secure permission for his

The Soviet authorities had previ-

wife to leave the country,
The anthorities' decision to accede to Mrs Bonner's request, if confirmed, appears to be timed to defuse the Sakharov case before the summit meeting between Mr Mikhall Gorbachev, the Soviet lead-er, and U.S. President Ronald Reagan in Geneva next month. President Reagan has appealed for Mrs Bonner to be allowed to travel

abroad for medical treatment. There is no indication that Dr Sakharov, aged 64, will be allowed to leave the Soviet Union, Since he was explied he has been isolated from Western diplomats and journalists for whom Gorki is a closed city which they cannot legally visit.

In another move before the Geneva summit, the Soviet Union is re-

MRS YELENA BONNER, the wife in central Siberia. This has been a

as a conduit for information on Dr say the station is for space tracking. The report of the offer by Soviet The Soviet authorities had previously refused an exit visa to Mrs firmed in Moscow yesterday but it is in line with current Soviet policy. of systematically defusing sources of tension before Geneva to ensure that arms control remains the cen-

PINANCIAL TIMES

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Activists arrested in Cape Town area crackdown

BY ANTHONY ROBINSON IN JOHANNESBURG

POLICE continued their roundup of anti-apartheid activists in Botha, in a by-election camthe Cape Town area yesterday.
Those arrested included a tegtile trade union leader and Dr
Ivan Toms, director of the
Sacla clinic in the black squatter town of Crossroads who is

The propriet of the same kind of the constituencies where the same kind of the sam Conscription Campaign (ECC) which is actively campaigning to get troops out of the townships.

Dr Toms was arrested in the party of the townships.

Same of the state of the same of the same

early hours of the morning and then released after ques-tioning and confiscation of docunoning and comscaron of docu-ments. A group of 17 white Cape Town University students have also been jailed for 14 days under the emergency regu-lations for taking part in o demonstration outside the uni-

versity.
Meanwhile, police reported

Elsewhare President P. W. parliamentary by-elections take place today.

In Johannesburg Mr Jules Browde, a prominent advocate whn is chairman of the steering Committee set up to organise o
"National Convontion Move-ment" told a press conference that both the white opposition Pederal Progressivo Party (PFP) and the predominantly Zulu Inkatha Movement had withdrawn from the manage-mont committee of the move-

Meanwhile, police reported fivo more deoths in continuing widespread township unrest, including the death of an unnamed black woman whose charred body was found in a hurniout car in Crossroads. The woman was aparently the victim of o "necklace killing," the name given to the placing of a hurning tyre around the victims neck.

The decision reflected concern that close indentification of the convention movement with the two parties placed obstacles in the way of attracting the movement's aim of pursuading the government to call a national convention to draw np a new, non-racial constitution.

Jordan, PLO paper over cracks on peace initiative

BY OUR MIDDLE EAST STAFF JORDAN and the Palestine

Organisation appeared yestorday to have papered over their differences but gave no indication of fresh moves to carry forward the

4

Middle East peace process.

During several hours of talks on Monday night King Hussein of Jordan made clear to Mr Yassir Arafat, the PLO chairman, his anger at recent Pales-tinian actions, particularly the seizure of the Italian cruise liner and the failure to held planned talks with the British

Government. An official Jordanian statement said that the talks had concentrated on ways of "avoiding a recurrence of such de-velopments in the future."

Mr Arafat claimed, however, that the meeting had been "constructive and brotherly" and amounced that a permanent joint committee would be

The Christian militias, the Lebanese Forces, yesterday stopped publication of a French-language newspaper sympathetic to President Amin Gemayel, in an early-morning raid against Le Reveil publishing house, Nora Boustany reports from Beirut.

As the inter-Christian power struggle escalated, the pro-Syrian Ba'ath Party withdrew 300 militiamen from positions on the Maslem side of Belrut's dividing Green

claimed free "historical and strong." He also asserted that the PLO was doing its best to improvo relations with all its friends, including Britain.

"constructive and brotherly" and amounced that a permanent joint committee would be established in order to coordinate future policy.

Mr Arafat hrushed aside suggestions that any lasting damago had been done to PLO-Jordan relations which ho riends, including Britain.

Tho two men are also undercontentious issue of relations with Syria. Jordan has been cooperating with attempts by Saudi Arabia to ease tension with Damascus caused by the Jordan relations which ho PLO.

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S Korean police round up students

By Steven B. Butler in Seon

POLITICAL temperatures are again rising in South Korea. Police yesterday swept onto the campus of Seoul National University and arrested 26 students on charges of attempting to overthrow the Government, and are still

Government, and are still looking for 17 more.
At the samo time, Korea's National Assembly has been paralysed by e dispute between ruling and opposition parties over the election of the assembly's deputy

The opposition New Korea Democratic Party (NKDP) stormed out of the assembly late Monday and has decided to boycott committee meetings, effectively bringing the work of the assembly to a halt. Floor leaders of both

halt. Floor leaders of both ruling and opposition parties have resigned.

The dispute, apparently over procedural matters, is far more serious than it appears. This antumn's National Assembly session has been stormy et best, with questions to Cabinet ministers occasionally breaking down into shouting matches across the assembly floor. But the parties have managed to keep tho assembly alive as a forum for political debate, both sides apparently recognising the dangers of pushing political conflict out on to the streets.

on to the streets. On Monday an NKDP candidate for deputy speaker candidate for depaity speaker failed to receive a minimum number of required votes when most of the Government varty, the Democratic Justice Party (DJP), abstained must voting. The post of deputy speaker is customarily owarded to the control opening and party. principal opposition party, while the speaker comes

from the government party. On a second vote, the Government party elected a former opposition party candidate for the post whose nomination had been with-drawn after a dispute with his faction leader. Mr Kim Dae-June.

The vote was a slap in the The vote was a siap in the face for Mr Kim, who is still legally barred from politics in Korea, but the DJP's clumsy ottempt to embarrass the NKOP by medding in its internal factional disputes inceased the opposition.

inceased the opposition.
Opposition leader Mr Kim
Young-Sam yesterday accused
the Government and BJP of
being "morally deprayed"
over their breach of trust in
the affair. Mr Kim repeated
his prediction yesterday that
South Korea would face a
civil uprising or another coun civil uprising or another coup d'état if the Government did not make democratic reforms by 1988, when Mr Chun Doeexpires.

Some of the opposition are talking of abandoning the assembly and taking to the streets. That is not likely to happen yet.

Yestorday'a arrests, adding to the at least 200 students already in jail, will add to the doterioration of the political atmosphere. The students were charged under the harsh national security laws, which national security laws, which allow for the death penalty. allow for the death penalty.

The students, members of
the "Committee for the Promotion of Democracy," are
accused of furthering the
political goals of North Korea
by seeking estrangement
between the U.S. and South
Korea and calling for popular
uprisings.

The Government says they

The Government says they masterminded a number of labour incidents and the occupation of the American Cultural Centre in May. Twenty students were earlier sentenced for up to saye wear in connection. seven years in con with the occupation.

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Doe keeps power in Liberia



The Liberian Army was yesterday on full alert, with troops and tanks stationed of strategic points in Monrovia as Gen Samuel Doe was pro-claimed President following the country's first multi-party elections two weeks ago based on one-man, one-vote, writes Peter Blackburn from Abidian.

The Special Elections Committee called on Liberians to accept the "sincere and fair" results of the elections, which are to pave the way for a return to civilian rule at the beginning of next year, more than five years after President

military coup.

Gen Doe, who is also commander-in-chief of the armed forces, obtained 51 per cent of the voto, with his National of the voto, with his National Democratic Party of Liberia (NDPL) winning more than two-thirds of the seats in the Senate and House of Repre-sentatives. The President gained 265,000 of the 519,000 votes cast, nearly twice those of his nearest rival, Mr Jackson Doe (no relation). leader

of the Liberia Action Party (LAP). Mr Jackson Doe did not attend the election results ceremony. He had said earlier that his party would not accept the election results, claiming that there had been serious lrregularities in both the easting and counting of

the votc. Other earlier opposition charges involved the lastminute ereation of military polling centres, imprisonment of activists and the two moin presidential challengers' being barred from standing.

The U.S. Congress has warned that it will withhold further aid from Liberia, the world's largest per capita beneficiary of American ald at about \$96m, unless the elec-tions were seen to be "free

Dollar drain fuels liquidity crisis

BY PETER BLACKBZURN, RECENTLY IN MONROYIA

AN ENLARGED \$100 banknote dollar notes to pay for imports hangs in a glass frame on the wall behind the desk of Major G. Alvin Jones, Liberia's Finonce Minister.

A Coverement officials point Liberia has no right to print officials point Liberia has no right to print officials point Liberia has no right to print officials point that

from hamhurgers to Chevrolots are increasingly made in locally minted \$5 coins which are officially valued of par with American printed dollar notes. Bot in the Lebanese and Indian shops off Monrovia's main broad street \$100 notes can fetch a premium of up to 25 per cent, though the rate is much lower for large volume transactions.

Owen checkings

To which absorbs two thirds of Government income.

The hloody 1980 coup by junior ormy officers led by junior ormy officers led

Own cheques

Premioms are even offered for privotoly cashing cheques into coins, Banks ore so short of cash that most will only accept their own cheques. It has also become increas-ingly difficult to transfer funds abroad through bank drafts. Businessmen and traders are often obliged to operate ootside the banking system and are pre-Businessmen and traders are often obliged to operate ootside the banking system and are prepared to pay a premium for squeezed liquidity. Even Monton on the log observers say it would be commercial of the commercial dora's box of corruption.

G. Alvin Jones, Liberia's Finonce Minister.

It is an imusual sight these days in Monrovio where greonbacks have become almost as rare as gold even though the dollar is still the official currency.

Payments for everything from bamburgers to Chevrolots are increasingly made in locally minted \$5 coins which

with it. In the run-up to the October elections there has been renewed uncertainty and dalays in contract payments and

Government salaries. Elicit cross border trading in diamonds, palm oil, coffee and other farm products bas resulted in a substantial drain of dollars into neighbouring Sierra Leone and Guinea.

The National Bank of Liberia has no right to print dollar notes and instead purchases and imports them when it has the resources. However, it has tried to ease the liquidity crisis by minting \$5 in bonking activity.

There is also a growing feeling in bonking circles that in the property action is taken by the course of th

It has minted an estimated \$50m \$5 dollar coins in 1985 of which only about half have so far heen released into cir-

Confidence

There is no fixed ratin between dollar notes and Liberian coins and their release has been rationed so os not to destroy financial con-

The Government last year signed a memorandum of undorstanding by which it will consult the seven local commor-cial banks befare releasing more coins. The aim of the memorandum is to impose greater fiscal ond monotary discipline.

The commercial banks agreed

unless urgent action is taken by

the Government, Liberia will soon slip off the dollar standard The most sensitive problem is the public payroll of obout 37,000 civil servants. A \$12.5m advance payment from the foreign iron ore exporting com-panies enabled the Government to pay off three month's salary arrears in time for the elections.

But as nne banker pointed out: "The notes will disapear as soon as they hit the market. Banks will take part to cover their drafts and the Lebanese will take out the rest."

He added: "There is no more revonue. The Government has hridged out as for as possible. By January the country will be

effectively on local coins." But Major Alvin Jones has strongly ruled out any possihility of Liberia abondoning the dollar standard while Western observers say it would remove oll restraint and open o Pan-

Iraqi jets raid Iranian radio and TV stations

IRAQ, vowing to silence what It called "the voice of lies" of its Gulf War foe, said yestorday its jets had raided radio and television stations in the Iranian city of Ilom, AP reports

Iranian city of Ilom, AP reports from Baghdad.

Earlier Iran had sald its jets hod attacked Iraqi oil installations in the southern part of the country inflicting heavy damage.

The Iraqi raid was the first reported air strike against media installations since the war started in 1980

Uganda ceasefire offer Ugandan rebels yesterday offered to observo a ceasefire for the duration of the latest round of peoce talks in Nairobi, hut largely rejected a series of concessions made by the Government on Monday, Reuter

reports.

The National Resistance Army (NRA), the main rebel enemy of Uganda's ruling Military Council, sald in a statement that it had decided to supsend hostilities "in order to provide a suitable atmosphere for the conducting of these talks." of these talks."

Tamils cut city's power Tamil guerrillas cut off power supplies to Srl Lankan port city of Trincomalee yesterday hy hlowing up a relay station, the Defence Ministry said, Reuter writes from Colombo.

Marcos orders sale

Pressed for money to finance the fight agoinst communist insurgents, Philippine President Ferdinand Morcos has ordered the immediate salo of state-owned companies and private property foreclosed by govern-ment financing institutions, the government said yesterday, AP reports from Manila.

Income from the sale will be used to finance the 1.4bn pesos worth of arms and other suplies needed by the military.

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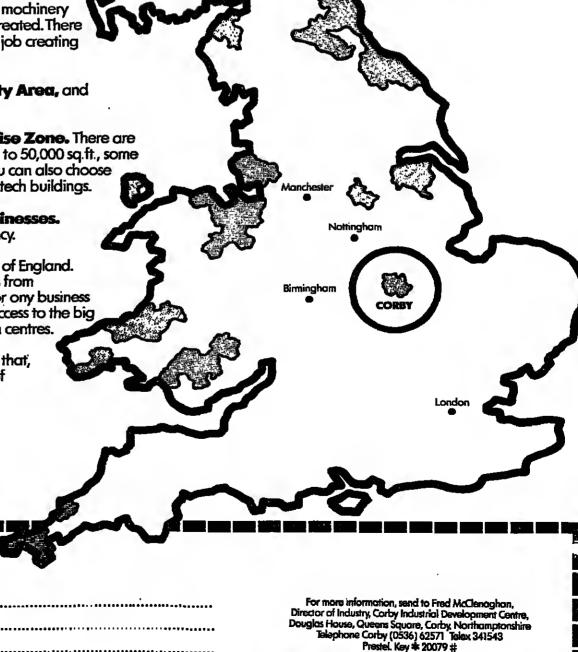
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Saudis take

polyethylene

THE ALJUBAIL Petrochemical Company (Kemya) yesterday signed a mediumical company (Kemya) yesterday signed a mediumical company of term facility to borrow Sr 140m (330m) and 530m.

Eight banks participated in the loan syndication for 10 percent of the cost of the petrochemical joint venture between Excon Chemical Saudi Arabia and the Saudi Arabia Hasic Industries Corporation (Sabic). Kemya is to produce up to 270,000 tonnes a year of polyethylene. Production began in 1984. The plant produces liner low-density polyethylene, but can produce different varieties of the material, if needed.

The seven-year loan facility will cover start-up costs, initial working capital, and other expenses. It follows standard Saudi financing of Sabic projects.

Saudi financing or Saute projects.

Plants are financed 60 per cent by the Public Investment Fund, 30 per cent by the partners in the project, and 10 per cent by commercial banks.

Lead managers of the loan are Albank Al-Saudi Al-Fransi of Jeddah, Gulf International Bank of Bahrain, the Saudi British Bank of Riyadh, and the Candi International Bank.

Saudi International Bank.
Other participating banks are
Al-Bank Al-Saudi Al-Hollandi,
of Jeddah, the Arab Bank of

of Jeddah, the Arab Bank of Jordan, the Arab Investment Company (Taie) of Riyadh, and Mitsubishi Bank of Japan. The Kemya chairman, Dr Faisal Al-Bashir, said the loan was denominated in riyals and dollars because some of Kemya's business would be outside the kingdom, which

kenya's tubiness would be determined the kingdom, which would require dollars, and some would be purely domestic, which requires riyals.

loan for

By Finn Barre in Rhyach

plant

THE WORLD'S airlines are stepping up their diplomatic efforts to recover up to \$900m (£642m) of revenues from passenger ticket and cargo sales blocked in countries of the

developing world.

Over the past year, these efforts have enabled the airlines to get back some \$450m of their earnings that have been frozen in overseas countries. But even as those efforts have borne fruit, other countries heve blocked new earnings, with the result that there is always

a substantial sum outstanding.
The offending countries discovered a long time ago that raiding airline revenues was a good source of interest-free funds for other purposes. The problem has been en-

The problem has been endemie in Africa and the Middle East, but other parts of the world are also involved, although to a lesser extent. Some years ago, the airlines in the International Air Transport Association set up a special committee to study the extent of the problem and find ways of getting round it.

This committee has had some considerable success and is still quietly working behind the scenes, with the result that over been restored to its rightful

Cairo trade

bank builds

up business

By TonyWalker in Cairo EGYPT'S new Export Develop-ment Bank which has

completed its first six months of business, is finalising agreements for six enterprises

with loan backing totalling about \$16m (£11.4m) in export-

related sectors. Its letter-of-credit activities are also

building up.

The bank is set to take a 10

per cent share in a proposed General Motors car assembly

and component project. Dr Hazem el-Beblawi, the bank

chairman, said be was attracted to the GM proposal because it

beld out possibilities of sig-

nificant exports of automotive

A current analysis by the lata shows that countries in the Middle East are currently blocking up to \$300m of airline earnings. Up to another \$100m is being blocked by North African countries, and \$150m blocked in other parts of Africa. The

rest, about \$350m, is blocked elsewhere in the world. Mr Gunter Eser, lata director-general, told the association's annual meeting in Hamburg that there had recently been a shift in the geographical nature of the problem.

Growing concern

"The countries of the Middle East and North Africa are causing growing concern," he said, while the situation in Africa south of the Sahara has shown a slight improvement.

"Industry efforts in those countries in the Middle East and North Africa where transfer problems exist are being intensified, although the political situation in some cases makes progress difficult."

The airlines can only employ patient and persistent diplo-macy to recover their frozen

Although they bave the ulti-mate sanction of withdrawing their flights, this is regarded as counter - productive, often guaranteeing that their money

As one airline in Western Europe, which is a particularly severe sufferer from this problem, commented: "We are in the business to promote air transport, not to reduce it."

This need to recover blocked earnings is of vital significance to the air transport industry in the light of its current overall precarious financial situa-

Revised forecasts for the overall financial results of the industry for 1986 show the likelihood of a net loss of between \$200m and \$500m

If there is any unexpected problem or if charges, such as fuel, continue to rise, the net result could be a loss for the industry as a whole of anything up to \$1ba for the year.

Blocked earnings

In such e situation, every dollar that the airlines can recover from their blocked earnings is of critical import-

The airlines are employing not only their own pressures on the countries concerned but are also using the resources of their governments at diplo-matic level, to try to achieve what beneficial results they can.

China to boost technology ties with West Europe

BY ROBERT THOMSON IN PEKING echnological ties with Western Europe in the next fe wmonths. the Chinese state science and technological commission announced yesterday. The announcement coincides with the Peking visit of the

West German Foreign Minister, Herr Hans-Dietrich Genscher, who yesterday met with the Chinese leader, Deng Xiaoping. Deng said China encourages closer links between eastern and Western Europe because neither wanted any part of what be called the "war train" in qualified personnel, re"we known the Europeans do search or industrial developnot want war. They hope the ment," be said. disaster of war will not fall on

Dr el-Beblawi said his priority The West German Foreign

their heads.

CHINA INTENDS to increase high technology in Europe, and

Deing apparently gave his imprimatur to the project. Meanwhile, the State Science and Technology Commission's acting director, Shi Guangchang, told the English-language China
Daily that China bopes to establish links with the Euroka
programme and strengthen its
technological ties with Western

Europe generally. "Western European countries have great scientific and technical potential and do not lag behind the U.S. or Soviet Union

Herr Genscher said China and West Germany have agreed to open another consulate in each in his first six months has been Minister briefed the Chinese other's country and are deterto establish a solid basis for leader on the Eureka promined to increase trade and the bank's operations.

Siemens in 'know-how' pact with **Peking**

By John Davies in Frankfurt SIEMENS, the West German electronic and communications concern, has signed an outline agreement in Peking on the long-trem suply of equipment and "know-how" to the Chinese.

Undrer the agreement, Sie mens and representatives of various Chinese economic organisations will form a co-

According to the West Ger-man company, the Chinese bave expressed interest in a wide range of Siemens activities, but need to consider priorities and the practical organisation of matters as personnel

The groop received orders from the Chinese worth DM 700m (£179m) in its financial year ended September 30, compared with orders of DM 120m the previous financial

With the Chinese anxious to speed up economic development with Western help, they bave turned to a number of West German companies during the past few years, including Siemens, for equipment and technical "know-how."

Siemens executives believe they have good prospects for co-operation with the Chinese in such fields as engineering electronics, telecommunications energy, and medical equipment

Canadair jets for Chinese

CANADAIR, the Montreal-based aircraft manufacturer, has sold three Challenger-601 business jets to China as part of e recent revival in sales of the aircraft.

Terms of the sale, channelled through the Chinese Government egency Poly Technologies, were not disclosed. Delivery is scheduled for summer 1986. Xian Aircraft Co of China has made doors and other compo-nents for Canadair's CL-215 fire-fighting aircraft since 1980. The three jets are expected to be used as personal carriers reflecting Canadair's efforts in recent years to clinch military and quasi-military orders, Simi-lar sales have been concluded in West Germany, Malaysia and

Container group in HK \$2bn plan to expand terminal

BY DAVID DODWELL IN HONG KONG

HONG KONG International Terminals (HIT), the territory's largest container - handling operation, yesterday announced plans for a major expansion of the Kwai Chung container terminal. The new terminal, due to be in operation late 1989, will cost about HK\$2bn (£186m).

The appropriement comes after more than a year of baggling with the Hong Kong Government over the terms under which the new terminal

will be built.

It will more than double the annual handling capacity of Kwai Chung from about 1.4m average-sized containers at present, to 3m when the new terminal is complete. terminal is complete.

Hutchison Whampon, the Hong Kong trading property and retailing group, is currently involved in a HK\$650m expan-sion of one of Kwai Chung's existing terminals. This project is due to be completed early in 1987.

Hong Kong's container terminal, understood to be the third-largest in the world after Rotterdam and New York, is already close to capacity. Officials keen to maintain this leading rection in Acid hard leading position in Asia have pressed the current operators to agree to expand facilities.
HIT, on the other hand, have balked at the high cost, aware that their future in Hong Kong after 1997, when the territory

HIT, which is controlled by reverts to Chinese sovereignty, urtchison Whampon, the was uncertain until recently. They argued that a decline in the volume of world trade had sown doubt over the need

Also, they argued that the surge in entrepot trade with china—which has been largely responsible for the recent steady growth in terminal traffic—could be reversed if China's open door policy was

If the two parties had failed to reach agreement, then the Government would have been forced to consider inviting public tenders for the expan-sion, which would have in-volved delay and extra cost.

EEC to press Japan on trade

is to launch another attack on the pereunial problem of Japan's hig trade surplus with the West.—A team of Commissioners, led

by Mr Willy de Clerco, respon-sible for external relations, is to visit Tokyo early next month in pursuit of what is being called a "verifiable commit-ment" by Japan to increase its imports of manufactures.

In some EEC countries, like the UK and France, this commitment is understood to mean that Japan must quantify its import promotion plans, an-nounced in April by Japan's Prime Minister, Mr Yasuhiro Nakasone. In effect, they want the Japanese Government to set firm targets for redressing the trade imbalance.

However, the idea of a target is less popular with other EEC members, like West Germany—

THE EUROPEAN Commission which itself has a big external surplus on manufactures - and Italy which suffers less than others from Japanese import penetration.

> the mission is not designed to promote West European exports to Japan, but to address the overall problem of what is seen as Japan's failure to become

It is recognised that Western exports to Japan cannot be stimulated artificially, and will have to be helped by changes of domestic economic policy to increase consumer demand. It is not clear what the EEC

would do if the delegation returns empty-handed apart from reviving the EEC's shelved complaint against Japan in the General Agreement Torde nent on Tariffs and Trade. last week's meeting of the This suit, taken under Article EEC's foreign ministers. ment on Tariffs and Trade.

23, is a catch-all complaint that Japan has nullfied or impaired its trading partners' benefits under the Gatt rules.

The EEC mission follows visit by Mr Karl Heinz Naries, Commission vice-president, to According to British officials, Tokyo at the beginning of this

It coincides with fresh efforts by Britain to co-ordinate EEC trade policy on Japan with the U.S., whose deficit on visible trade with Japan is four times larger, and running at about \$40bn this year.

The delegation is exp include Mr Naries, who looks after industrial affairs, and possibly Lord Cockfield (taxation and the internal market) and Mr Peter Sutherland (competition and social affairs). The mission is a result of

which requires riyals.

Two years elapsed since the banks were mandated to syndicate the loan. Mr Ibrihim Salamah, Sabie vice chairman, said the delay was primarily because Kemya had mandated the loan early, and had no urgent need for the money until it came on line.

Bankers privately said that the long period between the mandate and actual signing of the syndication gave Kemya a time to train financial personnel in banking.

sonnel in banking. Reuter reports: A seven-bank group led by the Riyadh-based Saudi American Bank (Samba) has signed a Sr 150m syndica-tion for Saudi Medical Ser-vices and its subsidiary, Saudi Charter Medical, a Samba offi-cial said.

Toshiba aims to double imports TOSHIHA, one of Japan's lead- of Japanese companies to an- foreign manufacturers to its im-

BY CARLA RAPOPORT IN TOKYO

companies, yesterday announced plans to double its imports within the next two years to ease trade friction between Japan and the rest of the world. abroad.

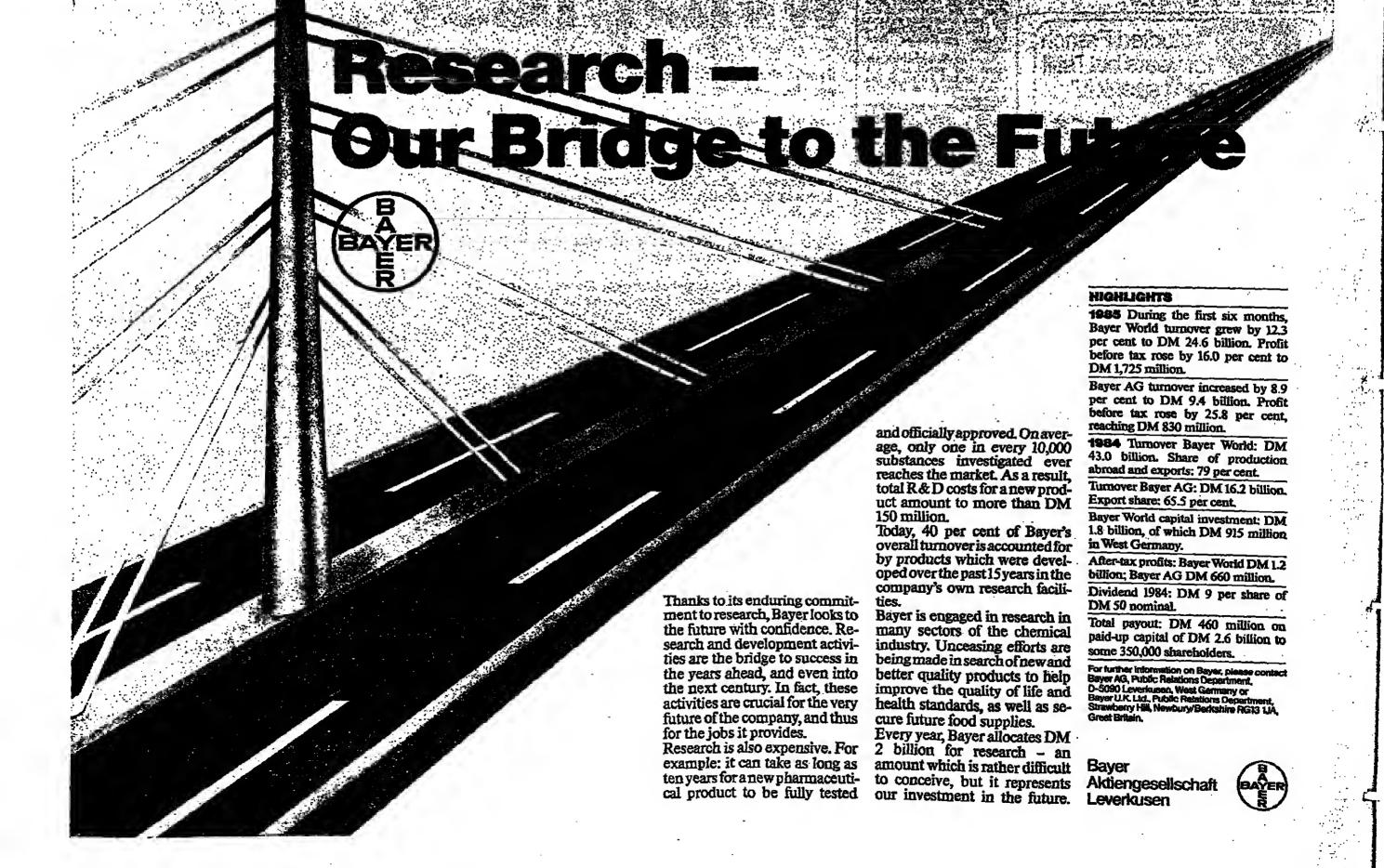
World import Fair for its own various plants.

purchasing staff, send 13 import/marketing research teams to overseas markets and open starting next month. The first additional purchasing offices of these are expected to make

A - Transaction of the state

ing integrated electronics nonnee import promotion pro- port fair to meet some 2,000 companies, restorday annum- grammes, plans to organise a design engineers from its

Toshiba, the latest in a string Toshiba plans to invite 180 V10bn (630m).



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BRITISH TELECOM plc British Telecom is not only one of the largest telecommunications operators in the world, but also one of the largest publicly owned companies in the UK, providing telecommunications products and services to over 20 million customers. Last year turnover was in excess of £7.5 billion.

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The resources and expertise of British Telecom's vast global telecommunications network are available to the Isle of Man - along with the direct benefits of a research and development programme that exceeds £180 million per annum — and the economies of scale that flow from a capital investment programme of around £2,000 million per annum.

THE MOST ADVANCED TELECOMMUNICATIONS SYSTEM FOR THE ISLE OF MAN.

With its undoubted tax advantages, prime location and the most stable government in the world, the Isle of Man is fast growing into one of Europe's major business centres. In tailoring a complete communications service to meet the many and complex needs of the Island's financial, legal and commercial communities, British Telecom have access to the most advanced technological research and resources available. The result is that the Manx business community today enjoys a range of information and valueadded services equal to the best available anywhere in the world.

THE BEST POSSIBLE TELECOMMUNICATIONS SERVICES FOR THE ISLE OF MAN'S BUSINESS COMMUNITY.

As a major business itself, British Telecom is responsive to the needs of the Island's business community, operating and developing a comprehensive range of telecommunication services including direct dialling to over 160 countries and a complete range of international Telex facilities.

The very latest digital high-speed data transmission services are available in the Island -Megastream, Kilostream, Packet SwitchStream and Satstream. That means business users on the Isle of Man are able to pass data between computers worldwide, use video conferencing facilities and take advantage of economic transaction related processing.

The Island also has access at local call fee rate via the Prestel System to viewdata services. A computerised data base provides information on a wide range of financial, legal, travel and

agricultural topics. Other services currently available include radiopaging, Linkline (which allows trunk and international calls to be made free or at local call rate) and a wide range of value-added network services such as BT Gold, credit card authorisation and Voicebank.

British 7"EL.ECO/\\ **FUTURE DEVELOPMENTS**

British Telecom's extensive modernisation programme will keep the Island abreast of the best in the world. All the existing exchanges will be replaced by computer-controlled digital units. These will be an integral part of British Telecom's recently announced voice and information technology network - the Integrated Services Digital Network.

PRODUCTS

The range of products available on the Isle of Man is constantly being updated and improved to meet all the customer's telecommunication and information technology needs - from communicating work stations and new facility telephones to sophisticated word-processor based telex machines and advanced integrated services call connect systems.

All public phones will also be replaced by the end of next year.

LOCALLY BASED OPERATION

British Telecom has a proven track record for fast, efficient service on the Isle of Man. Because the company is locally managed and staffed by a highly skilled workforce, it is understanding and responsive to the Island's needs - ensuring a high quality of service, maintenance and repair at all times.

BRITISH TELECOM'S LONGSTANDING COMMITMENT TO THE ISLE OF MAN

As part of the community for almost 80 years, British Telecom has the local knowledge and the experience to tailor the world's most advanced telecommunications technology to meet the needs of both business and residential users on the Isle of Man.

Today, British Telecom operates 11 exchanges, provides the technological back-up for two radio stations, maintains the full range of emergency services and employs 160 mainly Manx staff on the Island.

We also maintain 1,500 miles of cable, 1,000 miles of which is hidden from view to preserve the unsurpassed natural beauty of the Island's environment.

Recognising the importance to the Island of maintaining the best possible job opportunities. most of the administrative work related to the Island's telephone service was transferred from the mainland in 1984, creating 32 additional jobs in Douglas, as well as improving the service offered to the 23,000 Manx customers.

The Headquarters of British Telecom on the Isle of Man is at Asgard House in Douglas a brand new building, incorporating a business information centre and phone shop, displaying the full range of products and services available to customers on the Isle of Man.

With a planned investment programme in the region of £2 million per annum, we at British Telecom are fully committed to the future development and growth of telecommunications services on the Isle of Man.

We look forward to the continuation of an established, successful enterprise - one which promises an exciting future for the Manx people. their Government and British Telecom.

NOREASON TO CHANGE OPERATORS British Telecom offers:

- Longstanding and continuing commitment to the Island
- Comprehensive range of services and equipment — the complete package
- Locally based operation
- Access to the most advanced technology in the world
- Planned modernisation programme to keep the Island's telecommunications system abreast of the best in the world
- Smooth transition into the future.

THE RIGHT CHOICE FOR THE ISLE OF MAN

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Pan Am unfair, claims EI AI

ican Airways of provoking "un-fair competition" across the At-

1984-85 financial year, largely at-tributable to Israel's prohibition on Sabbath flights, El Al fears that intervention on the North Atlantic route by Pan Am will

Projections of annual losses if Projections of annual iosses if Pan Am adopts an aggressive marketing strategy range as high as \$20m. Price-cutting has already been announced by both sides.

Pan Am finally secured land-ing rights into Israel's Ben Gurion international airport yesterday meaning and plans to begin flights tomorrow. The U.S. flag carrier has been trying to add Ben Gurion to its network for some time but has run up against obstacles placed by El Al and the Israeli Transport Ministry.

El Al argues that Pan Am will he taking unfair advantage of traffic it has built up over the years. It also claims that the U.S. airline is simply trying to make use of spare aircraft and crews in Europe and is not committed to

Pan Am has rejected these charges and says that it will, in fact aid the Israeli economy by helping to build up tourism.

El Al's reply is that tourism from the U.S. is expected to drop, while the New York route is al-

Israel has been warned by the U.S. anthorities that any unitateral action against Pan Am could result in relatiation in the U.S.

Reagan pressed for response to Soviet arms offer

SENATORS William Cohen and Sam Nuna, two of Coagress's most influential experts on military and arms coatrol issues, have publicly urged President Reagan to put forward a "positive, strategically sound and politically sustainable" response to the Soviet Union's proposal for e 50 per cent reductioa in offensive strategic weapons.

In en article published in yesterday's Washington Post, the two senators warn that the SENATORS William Cohen and

yesterday's Washington Post, the two senators warn that the "guerrilla warfare" within the Administration hetween those who see no henefit in dealing with Moscow except on America's own terms and those who see advantage in reaching a compromise "should not be fought, or concluded, without a wary eye being cast on Capitol Hill."

The senators say that con-The senators say that congressional support for strategic modernisation and defence programmes "has been predicated upon good faith efforts to achieve dramatic reductions in effortive nuclear weamons."

offensive nuclear weapons." They say flaws are apparent in the Soviet proposals but add:
"It is not unprecede ted to find

economic policy were needed, Reuter reports from Washing-

He said intervention should

be used in the context of a reduced U.S. budget deficit, greater growth in other nations.

and open trade and investment.

Intervention as part of a broader effort was the point made by the finance ministers

Fundamental changes

needed, says Volcker

While coaceding that the

being innexible and uncompro-mising" and so enable Moscow "to win in Western Europe and indirectly in Congress, what they could not achieve in

what they could not atmeve in Geneva."

The Senators say that dividing the Nato alliance is one of Moscow's major nhjectives.

On the Star Wars Strategic Defence Initiative, Mr Cohen, a Republican, and Senator Nunn, a Democrat, say the U.S. should meintain a "reasonably funded research programme (and) should discuss with the Soviets what constitutes allowable development and testing under the provisions of the ABM treaty."

velopment and testing under the provisions of the ABM treaty."

Their article, which seems to he designed to put pressure on the Administration to end the internal dehate and agree a clear policy for Geneva, comes amid reports that the Administration is a clear policy for Geneva. a party to a negotiation placing a heavy hand on its side of the scales. What we are witnessing (is) the dance of diplomacy, not the pouring of concrete,"

U.S. urged to close Japan trade gap

SEVERAL steps are necessary for the U.S. to reduce its huge trade deficit with Japan, according to an influential economic res

The Institute for International Economics, a liberal Washington-based "think tank," says in its latest study that the yen should be further strengthened to about 190 to the dollar, from about 213 at present.

The group also says that Tokyo should dismantle its barriers to U.S. exports and take steps to stimulate modestly its economy.

Finally, the U.S. should allow Japan to buy crude oil from Alaska by eliminating the ban it placed on oil exports in reaction to the twin ener-

gy shocks of the 1970s. President Ronald Reagan yester day allowed a relatively small amount of oil produced in Alaska's Cook Inlet to be sold abroad press mably to Japan. But the move did not affect the state's North Slope, where most of its oil is produced. North Slope oil cannot be sold to without congressional Japan

The study estimates that the trade deficit with Japan would reach a record \$45bn to \$50bn this year, compared with about \$37bm last year.

The study says an increase in the value of the yen would reduce this by \$17bn, the reduction in the trade barriers would cut an additional \$5bn to \$6bn, while the measures to generate increased Japanese growth would be worth about \$1bn MR PAUL VOLCKER, the Federal Reserve Board chairman, said yesterday that currency market intervention had heen important in correcting damaging imbalances but more fundamental changes in economic policy were needed, Reuter reports from Washing-

A U.S. move to allow Alaskan crude to be exported to Japan would cut the deficit by another \$2bn to \$5bn, says the study.

"Such an adjustment would be consistent with a sharp decline in the global U.S. current account deficit and would deal with most of the economic problems caused for the U.S. by its current external imbalances," it says.

underlying sources of imhal-ance, are not an easy or pain-less solution—they carry risks of their own," he said.

Mr Volcker also said the pros-nent for custoling growth and The institute notes that the Group of Five industrial countries the U.S., Japan, West Germany, Britain and France - agreed to working toward lower interest rates in both the U.S. and Canada rested on maintaining work in concert last month to reduce the value of the dollar.

It says that before these measures were taken the dollar had been overvalued against other currencies by 30 to 10 per cent.

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made by the finance ministers and ceatral bank governors of the Group of Five meeting last month. Mr Volcker said in a speech in Toronto. "There has been close cooperation in recent weeks of the Group of Five meeting last month, Mr Volcker said in a speech in Toronto. "There has been close cooperation in recent weeks of the Group of the Gr Veteran returns to fray in Dominican Republic

rates, without dealing with the

pect for sustaining growth and

A WIDENING rift in the leadership of the Dominican Republic's gov-erning Partido Revolucionario Do-minicano (PRD) has opened the door for the return of a veteran of

door for the return of a veteran of the country's politics.

Sr Joaquin Balaguer, leader of the centre-right Partido Reformista Social Cristiano (PRSC), is now the front-running candidate for the presidential election, scheduled to

be held in May. Sr Balaguer served three terms as president between 1966 and 1978. The revival of his political fortunes

The revival of his political fortunes owes much to the inability of the PRD to heal a split over who should be the party's presidential candidate.

The 78-year-old former president has also seen his political stock improve with the difficulties of the administration of Sr Salvador Jorge Plence in implementing economic. Blanco in implementing economic changes agreed with the Interna-tional Monetary Fund. Sr Jorge Blanco is not seeking re-election.

While Sr Balaguer prepares for another term as leader of the Domanother term as seaser of the Dom-inican Republic, the governing par-ty is desperately trying to heal the schism which is proving to be its undoing.

midding.

The showdown in the PRD has been caused by Sr Jacobo Majluta, a former minister in the presidency and President of the Senate, whose politics have more in common with Sr Balaguer's than they do with the coving demonstration. social democratic PRD. In an effort to impose his candid-acy, Sr Majluta has become a consistent critic of Sr Blanco, particularly of the President's handling of the economy. At one stage Sr Maj-luta ran half the Senate and ma-

naged to block legislation which im-peded the implementation of Sr Jorge Blanco's economic policies. The conflict between President Blanco and Sr Majluta intensified when Sr Jose Francisco Peña Go-

hind Sr Pena Gomez. The peace was short-lived as Sr fice. Peña Gomez, a social democrat, launched a virulent attack on President Blanco's handling of the econo-

the party's candidate, whoever that suggestions that Sr Majurta could a firm decision on a pact with the country's export a been hit by the U.S. dependent on the country and split the party and take his support- IMF, and indulging instead in pro- 1984 to 885,000 bags.



Balaguer . . . front runner in the presidential elections



ers in a new coalition with Sr Bala-

The former president has sug-gested that the Dominican Republic needs a government of "national unity" and is apparently willing to pin his hopes on his new found pop-ularity, but he has not suggested anything to support a possible coali-tion with any PRD factions.

The developments on the island are likely to be closely watched by fice is likely washington. Confusion about the outcome of the elections could be an economy. mez, secretary general of the PRD outcome of the elections could be an and mayor of Santo Domingo, the invitation for the army to intervene. capital, threw his hat into the ring.
Fearing the splintering of the party, senior PRD officials, including the President, threw their weight behind Sr Base Course. allowed Dr Guzman to stay in of-

In the likely event that Sr Balaguer, who is politically close to Washington, is returned to office, my, apparently hoping to ride on the waves of the Government's But a new president will face the

tracted negotiations while the Government's popularity waned. At the heart of the problem was a

package of \$460m in extended fund and compensatory financing credits from the IMF, access to which was ended in 1983 because the economy failed to meet the agreed perfor-

The negotiations with the IMF dragged through most of last year because the Government baulked at implementing a 67 per cent devalu-ation of the peso by moving all transactions from the official rate to the "parallel" rate of about three pesos to the dollar. The Government moved towards

accommodation with the IMF last year, but the Congress blocked new budget proposals until April, when the country was granted access to a S90m standby facility. The administration's concern at

violent public reactions to the new economic measures increased in February with street protests over the IMF measures — a reminder of three days of rioting in April 1984, which left 54 people dead. With the new agreement, the Government has been attempting to cut the deficit in the fiscal budget

to 3.7 per cent of GDP this year from last year's 5.5 per cent.
It has also been dismantling subsidies, leading to price increases of 33 per cent for petrol, 50 per cent for transport, between 25 per cent and 47 per cent for electricity and 50 per cent for a range of food

With a pact with the IMF in place, and the need to service a \$3.4bn foreign debt, President Blanco announced an agreement with com-mercial bank creditors on restructuring \$787m of the country's debts. Sr Balaguer's initial enthusiasm at the prospect of a new term in of-fice is likely to be dampened by fundamental problems in the

The trade delicit for 1984 was 382.1m pesos, against 493.8m the previous year. The improvement was the result of a slight increase in export earnings and a fall in

The Government had expected a decline of 2.5 per cent in the country's gross domestic product in 1984. The economy did better, growing by

0.5 per cent.

The main economic sectors, howmounting unpopularity.

PRD officials are contemplating the possibility of certain defeat for the possibility of certain defeat for the possibility of certain defeat for the country's export earnings. has the country's export earnings, bas been hit by the U.S. decision to re-

Coffee production improved in

S. urge close Pan ade gap

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Offshore engineering

Why ITM is running fast

BY ANDREW FISHER

"WE'RE IN a hard game," says Alf Duffield, the racehorse-own-ing boss of ITM (Offshore), which gave British Shipbuilders e much-needed boost this year hy ordering a huge crane-ship in Sunderland.

"We've never made a quick buck," he asserts. Nonetheless, the Middlesbrough-based engineering, heavy-load transportation, and offshore group has turned in impressive results in recent years, the latest being a £5m profit on turnover of £28m.

The crane-ship, costing around £60m with all its lifting, handling and computer equipment, will be the largest mono-bulled crane vessel in tha world, though an Italian company is building an even higger one which will be of semi-submersible design.

Under Duffield, a former accountant with the Vickers group, ITM—which stands for International Transport Management—has grown in nine years from a five-man outfit with a capital of £10,000 lnto a group employing about 700 people and looking to reach annual sales of

looking to reach annual sales of £100m in the next two years.

Has it all happened too quickly? Salford-born Duffield, a laconically spoken, silvery-haired 49-year-old, reckons it cannot happen fast enough. "We're running fast. We've got to or the road's going to run out and we'll be too late.

"It's time for our philosophy to come true. We're gathering things quickly to us. It won't be long, a few years, before other companies, especially foreign, realise this." The philosophy centres on the ability to sophy centres on the ability to carry out most aspects of off-

earry out most aspects of on-shore energy and other engineering projects, without drawing heavily on foreign help. By building the ITM Challen-ger crane ship at Sunderland Shipbuilders, Duffeld says ITM ia "adding another spoke to the wheel." The vessel, with a crane lib 21 times the height of Nelson's Column, will be able from the recovery to the to lift 4,000-tonne loads. ITM restoration barge, hopes to order a sister ship in Britain next year.

ITM has also gone into undersea cable-laying—two years ago,

who is also chairman of Middles a ship to lay cable between brough Football Club. ITM's France and the UK—and port main activities broadly cover facilities through its bargeengineering, manufacturing and based Flexiport system used in marine (including under-water) the Falklands.



These form the three main divisions of a new group structure which has just been put a UK company to develop into place. Duffield owns half skills in the offshore sector, and the charge and tree charge that the contract the co into place. Duffield owns half the shares, and two other founding directors—John Wilson and Brian Pearson—have 20 per cent each, with Alexandra Towing, the UK tug company, having the balance of 10 per cent. The crake ship will be 75 per cent owned by ITM and 25 per cent by Alexandra.

But, stresses Duffield, the new structure will not after the style or operations of ITM. "To increase our fighting weight," a public share flotation will be sought in two years to boost to which the worforce had been

public share flotation will be in 350 compared with the 150 to which the worforce had been ITM's capital resources.

It is the crane-ship and the offshore ambitions of ITM, however, that mostly exercise the minds of Duffield and his five field. Though profits of ITM as a whole rose from £26m to co-directors. ITM made its name by moving big loads for offshore made at \$400.000 less through the state of \$400.000 less through the state of \$400.000 less through the state of \$400.000 less throughts on made at \$400.000 less throughts on made at \$400.000 less throughts on made at \$400.000 less throughts on the state of \$400.000 less through the state of \$400.000 less throughts of \$400.000 less t by moving hig loads for offshore and other projects such as the Thames Barrier. It transferred the Tudor warship Mary Rose

hopes to order a sister ship in
Britain next year.

Spokes in the wheel are a
favourite analogy of Duffield, ing an order in South Korea for

gency work. The competition, in a field not overcrowded at present, will be Dutch, US, and

On the drawing board is a project called ITM Victory to convert a supertanker into a cranesing capable of lifting up to 8,000 tonnes. At the moment, though, says Duffield, 'his is not being actively pursued."

The potential of ITM Challenger, for which ITM is building the crane—nearly a third of the ship's value—to a design by Clyde Cranes, will be magnified if a second ship is built, believes Duffield. The two could work together, their activities controlled by computer.

The rival semi-submersible, with a 6,000-tonne lift capacity, is being hullt by Micoperi of Italy. Duffield has met Dr Giovanni Makaus, head of the Milan-based company. Co-operation on certain projects may be possible, "but our reputation has been built on providing packages and being responsible for them."

has been built on providing packages and being responsible for them."

At ITM, adds Duffield, "we like to do everything ourselves." The crane ship "could be a very big earner overseas for the UK." ITM Challenger will be an advanced ship. "We intend to go into the world and coursets with into the world and compete with

her."

He has strong views on the erosion of Britain's manufacturing capacity. He feels the Government has let too much of industry slida away. "We couldn't allow Head Wrightson to disappear. It's a major facility that would never be replaced."

plants going, he believes "is necessary for the survival of British industry." He feels vin dicated in this view by tha difficulties suffered in the electronics sector. With northern bluntness, he states: "We can't survive with silly computer companies"

panies."

ITM intends to survive by concentrating hard on the business it knows. The rolled-up sleeves approach is very mucipart of the ITM style. Duffield says he has only had a week's holiday in eight years.

"I feel like the anchor mar who's got to be available." Very much committed to the future growth of ITM, he described himself as a worker-owner. "don't consider myself as labou

it wants to be more active in production and take a stake in marginal North Sea oilfields.

The crane ship will play a key part in ITM's offshore strategy.
She will be able to lift loads at sea, as well as carry out salvage, or capital, Tm in the middle Duffield sees a great oppor- fire-flighting and other emer- I work for both sides."

PLATEAUED managers" are becoming a problem for British companies. The term is part of the jargon of the personnel industry and refers to the manager who is valued by his company but for whom there are no prospects of promotion or advancement even though his company wishes to retain

Coming to grips with the problem has defeated even those companies which regorise it. And the ranks of these managers have swollen enormously over the past decada of manufacturing contraction, shrinking management num bers and strangled promotion

In personnel jargon—again—the plateaued manager is a "solid citizen," part of the "boiler room," but who has reached the highest branch he is ever going to reach on the management tree. (It could be a woman who finds herself in this particular predicament, but

the vast majority are men.)
Those who find themselves stranded in this management limbo find it generates feelings limbo find it generates feelings ranging from guilt to frustration and de-motivation. Such a manager is likely to be in his 40s, though he could also be a graduate in his 30s with high, unfulfilled expectations.

These findings emerged in a survey of 19 companies, each employing more than 1,000 people, carried out by the Cambridge based Industrial Training Research Unit specially for the recent Institute of Personnel Management conference.

sonnel Management conference. In almost half of these companies, some of them household names, the plateauing pheno-menon was seen as a "serious problem." Yet few, if any, were geared up to cope with it.

The researchers also came

promotion ladder Nick Garnett on the background to the growing number of 'plateaued' managers

away with a strong impression that many companies actually be have in a way that is tion thrown up by the seminar. The 121 personnel people detrimental to the plateaued manager.

Such managers represent a big chunk of many companies' management talent. The personnel department of one large manufacturing and services organization classified 39 per tunky open to them to use their abilities.

The plateaued manager was

In another manufacturer, over half its 400 managers had been stuck on the same grade for more than five years and were unlikely to proceed

further.
Tom Glynn Jones, manager of human resources at BP, which seems to have thought about this problem a little more than most companies, told the con-ference that 40 per cent of its 1,350 managers are plateaued.

It must be said that while 19 companies took part in the investigation, 31 others approached did not bother. Personnel managers in a few of those that did failed to see plateauing as a problem. There appeared to be scepticism, too, among some managers at the IPM conference that it was really an issue at all for their businesses. Many of our managers are into high pages that have gers are just happy they have got a joh," said one man from the National Coal Board.

people are likely to pack the briefcase and clear off—with is just what the company do Overcrowding on the

is just what the company does not want them to do.

Plateauing (sometimes and known rather in a banal way the "menopause" factor) occurs more in companies that are indecline and which have transitional pyramid management.

It also appears to be more common in organisations rains ing on annual appraisal systems, for assessing promotion potential and where there are he

clear ideas on managem succession. Unfortunately, found that companies were doing things that aggravated the problem. Many plateaued man agers actually did not mind too The plateaued manager was classified by the survey into three groups. One was the senior/middle manager aged 40-50 who has moved up the company steadily but is now displaced from further promotion by young high-fliers.

problem. Many plateaued managers actually did not mind ten much being in this state but were encouraged to marshal np" to this for fear of being branded a wimp. The corridors seem liberally sprinkled with such closet worriers.

One general feeling was that communications between what might be loosely referred to as "the company" and plateauel managers is poor, to the points where they are even worried. It companies use appraisal systems, they should use them properly, was the message:

Pedigree petfoods has a well developed counselling service which it says it naeds because a hefty two-thirds of its managers are plateaued. Howell wilson-Price, tha company's management resourcing manager, said three key features of the service were its absolute confidentiality, that it was not noted in a judgment of the individual, and that people themselves.

BUSINESS PROBLEMS

Personal guarantee

I was principal of a group of companies and to support the group lending I gave a personal guarantee limited to £50,000. In addition to sup-port lending from a finance house I also gave a personal

The finance house had a sebenture, fixed and floating rebeniure, fixed and avan-on the assets of the company and had a first charge up to and and mine interest. The bank also initially had a debenture fixed and floating and gave priority to the finance house for £60,500.

The bank subsequently changed the form of debenture to include the new ture to include the new clause. It was also going to change the finance house to which it was connected to "promote" it, as apparently there was a problem since it had given it the priority on a floating charge.

Unfortunately we had to call in the receivers to the gram soon after the new de-

group soon after the new de-benture was signed and be-fore the "promotion" was

Immediately both the bank and the finance house called on my guarantee; however, I felt secure in the assumption that both guarantees were The finance company made

no attempt to collect under its first floating charge pre-sumably because to do so would have undermined the bank's position—indeed it has not even made e claim against the liquidation, although it is now evident there would not be any money available for unsecured credi-

The plateaued manager was

These people are slightly frustrated and somewhat put out but "quite relieved at the chance which plateauing may give them to relax in their present joh," says the report.

sent joh," says the report.

The second group was mada up of similar people but who had bigger aspirations and for whom self-esteem was tied to their level in the company.

"These people tend to be characterised by low morale, cyalcism and depression."

The final group was the high-

flier in his 30s who now sees that the company is not likely

to deliver the rewards, advancement and eventual status ha expected. Browned off, these

The bank collected under its new debenture and was paid in full. I am paying the

I appreciata a guarantee is what it says but surely if the finance company could have collected under its priority charge it should do so even if it prejudiced a claim by the parent bank.

If the finance company had done so, it would have collected £68,000 plus approximately £5,000 interest (which I am currently paying). The bank may have had to rely on my guarantee but this was limited to £50,800. I suspect the finance house agreed with the bank not to

De you consider. I have a

The finance company was entitled in law to choose to seek its remedy against you in preference to proceeding direct against the principal debtor. On paying out the finance company you will be entitled to stand in its shoes as against the princi-pal debtor and to enforce against that debtor any charges which were given by it to the finance company.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Gym shoes are runaway winners this season. Who's rushing them to the shops?

March 31 1985, Head Wrightson made e £400,000 loss from the time of the acquisition.

Duffield feels that more of Head Wrightson's work should be linked to projects in which ITM is involved. Having worked on lifting, drilling, and diving, it wants to be more action in



Eurapid is the European express system par excellence which is (already) completely at home in nine countries: Austria, Belgium, the Federal Republic of Germany, France, Great Britain, Ireland, Luxembourg, the Netherlands

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SISTOPHER W

The same and the

7. e

Astronauts set for bumpy ride

ONE OF the world's most pean Space Agency, expensive seets will feature in In a series of ex expensive seets will feature in In a series of experiments, an ambitious space technology the seat will be propelled along the track electrically while en flight due to start today. The \$1500,000 space sied to be used by astronants in tests on the human body in space, is one of the main experiments on a wriety of accelerations while the astronaut is in position. The movement of the seat will be programmed to produce a variety of accelerations while the astronaut is monitored:

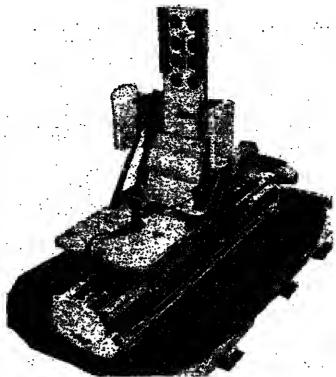
The week-long mission, based on Spacelab hardware which the country is hiring from the country is hiring from the Space Administration, is costing West Germany about £105m. Spacelab, a big aluministic model.

Spacelab, a big aluminium module packed with experi-

module packed with experiments and with room for aeveral people, will sit inside the cargo bay of the shuttle while the crew of eight astronaots conduct a total of 76 experiments, most of them concerned either with low-gravity materials processing or blological studies.

The space sled, e seat mounted on o 7-metre track, The space sled, e seat mounted on o 7-metre track, promises particularly interesting results which could help in planning long space missions, for instance aboard the \$12bn international space station planned for the 1990s. The sled experiments could be rather unsettling for astronauts built by Marshall of Cambridge, a British company which specialises in aerospace hardware, for the 13-nation Euro-

Supervising the sied experiments will be the two German members of the crew, Professor Reinhard Furrer and Dr Ernst Messerschmid, who work for the DFVLR, the German aerospace research organisation and Dr Wnbbo Ockels, the first Dutchman in space, who was selected for the flight by the European Space Agency.



Space Sied by Marshall of Cambridge.

data on precisely what forms of activity brings on the aikment—and on how the body huilds up resistance to sickness in later stages of space flight.

Astronauts sitting on the sied will be beaved about under computer control to provide a series of accelerations. During the person feels uncomfortable.

Launch of an adaptable tanker

Copenhagen shippard, last week can be used to carry ethanol.

presented the first in o new "The ships have proved series of product tankers, a much more difficult to build kind of floating Thermos flask which can carry 11 different cargoes simultaneously and load and unload six different cargoes simultaneously.

A series of six of the vessels, called CPT54E type, has been ordered for operation by the Norwegian Ugland group. The ships were contracted by thousands of Danish part-investors and will be managed by the Danish Dampskibsselskabet Norden.

The new vessels were developed to supercede the successful, pioneering 64,000 dwt Panamax fuel economy bulk carriers which were the mainstay of Burmeister and Wain's programme from the mid-1970s. "We could not contime in bulk carriers, so we abolished that programme and developed this new concept," said Mr. Cato Sverdrup, B and W's managing director.

The result is an \$4,000 dwt product tanker with a double-hull and double deck, providing thermal insulation of the cargoes. These can include crude oil, petroleum products, ethanol, vegetable oils and many kinds of chemicals.

In addition to the versatility and double-skin construction, In addition to the versatility and double-skin construction, the other ontstanding feature of the vessels is that tha product tanks themselves are free from obstructions, which facilitates cleaning, and they are coated with a phenol epoxy

"The ships have proved much more difficult to build than expected," said Mr Sverdrup. The double hull calls for greet manufacturing accuracy, while the cleaning and sand-blasting specifications are so high before the epoxy coating

Hilary Barnes on a series of versatile but expensive new tankers being built in Copehagen

can be applied that there was e four-week delay in the delivery of the first ship in the series, which will be handed over in mid-November.

"It's the world's best ship. but it is also the world's most expensive," said Mr Sverdrup.

The expected loss on the first The expected loss on the first vessel was DKr 60-70m, but it will in fact run to DKr 120m, all of which will be carried on the 1985 accounts, which will therefore show e loss of DKr 80-100m. The yard is expected to return to break-even in 1986.

In addition to the special

BURMEISTER AND WAIN, the paint, which means that they suming 22 tonnes of oil a day at a cruising speed of 13 knots. Mr Atle Berghaven, executive vice president of Ugland, said the philosophy behind the new

concept—dubbed The Golden Concept-Your Portable Pipe line by Ugland — was an ex-pected increase in demand for product tankers. This, he said, arose partly from the fact that the oil producing countries were going into refining, partly because since the first oil price shock the trading pattern, the oil market has become frag-

The double skin provides a Thermon flask effect, reducing heat loss and preventing ever-heating when the ship is exposed to strong sunshine. This reduces the cost of maintaining cargo temperatures or keeping them cool.

Last week's presentation of the ships was overshadowed by the uncertain future fecing the

the uncertain future feeing the Danish shippyards. As a result of changes introduced last December, the tax-shelter partinvestment system, by which the series of aix product tankers was financed, was abolished by the Folketing (partiament). "This was a disastrous hlow the whole basis on which we were marketing the ship was changed overnight," said Mr Sverdrup.

Since last December, neither B and W nor any other Danish shipyard has received a single new orders, as they are now unable to compete financielly with yards elsewhere.

competition for existing methods of belping disabled

people, Vadas might also bring

earlier belp to disabled people

who could prove that the newer device would solve their prob-

for building products, heat exchange, drinks dispense, fluid power. special-purpose valves general engineering, refined and wrought metals

Eliminating the old timesheets

HOURS of clerical staff time spent preparing timesheets could be eliminated by an entomatic system from Pac-tory Data Systems of harman.

The company says its Time-watcher system can give up to the minute information about ell jobs or projects in progress in e factory or office.

progress in e factory or office.

There is software ovallable which will entomatically produce daily, weekly or monthly timesheets for each staff member. It will also give regular updates of costing records on particular jobs or projects, and can store target deadlines so the host compoter will automatically high-light stages which are overruning their target time.

Staff are issued with in-dividually coded identity cards. They book on to a joh by keying in a project num-ber and the stage of the work they are engaged on. Using an optical bar code reader, this information can be enttered directly from computer-generated shop floor documen-

The system also provides for logging such information as staff involvement in a training session or the rea-son for delay on a particular work stage. As many as 16 Timewatcher terminals can be connected ta e personal com-

More on 04867 81024.

Light for night riders

RIDING enthusiasts may feel RIDING enthustasts may feel safer in the saddle with a set of stirrup lamps sold by Fizgig of London (01-885 1063). The lights cost £85 (including batteries and a recharger) and show white to the front and red to the rear to give riders higher visibility in the dark.

Bright computer forecast

THE U.S. microcomputer business may be in a deep Sullivan study predict there slump but the European market will be a strong Japanese for professional personal com- challenge for the home and puters will expand steadily small birsiness sectors of the through to 1990, according to market with the introduction of the New York-based market research organisation, Frost & Sullivan. Hardware sales of about \$3.1bn this year are likely to grow to \$6.98bn by 1990, it says, adding that the software market in western Europe will also show sound growth. "In 1990, software sales in western Europe for low end micros will reach a value of \$6.87bn, a substantial increase over 1985's \$1.28bn,"

it says. account for over 26 per cent of the whole west European market with West Germany bought from Frost & Sullivan taking 20.7 per cent and Italy on 01-486 8377 in London; 212-

The authors of the Frost & second generation machines which will be far more advanced; compact and versatila than their current ranges.

in a second study, Frost & Sullivan says that demand for fault tolerant computers is soming as businesses as diverse as banking and themical manu-facturing look to safeguard themselves against disaster. In Europe, the market for these machines should exceed

\$1,9bn by 1990. The reports cost \$2,200 and \$2,150 respectively and that be 233 1080 in New York ...

Safer loading with special wheel chocks

WHEEL chocks to locate tankers exactly beneath nozzles filling them with dangerous chemicals and bold them immobile have been introduced by Godwin Warren

Engineering. Regulations insist that rail tankers being filled with, say, caustic soda or liquid chlorine must not have the brakes opplied for fear of the brakes locking as the load

The Godwin Warreit soln-tion-one for level weigh-bridges, one for slight gradients - involves pneamatically positioned che . More on \$272 778399.

Voice device holds promise for the disabled vated, the smaller, theaper device could prove formidable

BY HENRY MARA

A COMPUTER which controlled electrical appliances when you issued e spoken order water you issued e spoken order would probably count as little more than an intriguing novelty in most households. For the physically disabled, though, a machine which translated voice commands into actions could be the key to overcoming severe difficulties and providing a sense of security.

The prototype of just such e device went on show in the October exhibition of National Aids for the Disabled in London. Vadas, developed by Voice Control of St Ives near Cambridge, is a microprocessor in a

door — all at its owner arest of its vocabulary back into spoken command, no matter action.

what the language. Voice Control claims the device is the first to achieve with a box small enough to hold in the band what has hitherto needed a bulkier personal computer consol and keyboard.

It consists of a microprocessory of the lower displays the command word as confirmation. system coupled with a mains signalling system. It has its own

built-in microphone and em-ploys advanced mains signalling techniques which make use bf the existing mains wiring in the From this one small box, up

The LCD's five by seven dot matrix means that characters in Greek or Russian, say, could be displayed as easily as Roman Vadas will be sold at £375 (plus VAT) for the box and £25 inclusive of VAT for each mains signal receiver switch

A command issued in error

lems, even if they were not eligible to receive Possum equipment or lived in a local authority area which could not provide the money for one in the short term. the short term.

Mr David Yelding, project manager of The Research Institute for Consumer Affairs, suggested: "There ought to be a regular co-ordinated updated

Control of St Ives near Cambridge, is a microprocessor in a box the size of a small book.

It can thrin televisions, radios, supply and can be used in either lights and off, it can open and close control e mans it can be left on but dorutains and even control e mant and needs only the comsecurity camera over a front mand "wake up" to bring the mains signal receiver swhich fitted to an appliance.

Provided safety trials in the field showed that voice control with the highly-valued Possum control systems, which need some simple form sweden, their Handicap Institute assesses every new sid."

The American owned a business in Belgium. A highly successful venture. But the overall shape of his company changed, so he decided it had to be sold.

He came to Generale Bank. The biggest bank in Belgium and specialists in international M&A.

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30th October, 1985

A profile of the typical reader of THE BANKER

The typical reader of THE BANKER is a Senior Vice President working The typical reader of THE BANKER is a Senior Vice President working for a commercial bank. He has responsibility for international affairs yet, despite his senior executive position, he is only 42 years old. He will have access to a computer, be responsible for selecting or purchasing technology equipment and will be involved in both personnel selection and relocation matters for his bank. As is to be expected, he is a well-travelled executive making about

personnel selection and relocation matters for his bank.
As is to be expected, he is a well-travelled executive making about
13 international flights on business each year, normally first or
husiness class, and spending 24 nights in hotels. Chances are that
he will have two credit cards and reguarly rents cars.
For more specific details of the MORI research findings into readers
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APPOINTMENTS

Changes at **McAlpine**

Mr A. J. McAlpine retires on October 31 as chairman of ALFRED McALPINE and becomes life president. He is succeeded as chairman by Mr R. J. McAlpine who remains as chief executive. Mr O. J. Rich is appointed deputy chairman and Mr B. W. Stanley succeeds Mr Rich as divisional director, construction. Mr J. T. Wilsen is appointed to a new position with overall responsibility for the north and south regions of Alfred McAlpine Construction, and Alfred McAlpine Plant. Mr H. J. Stevens is appointed managing director of Alfred McAlpine Construction south region. The changes become effective from November 1.

TRIPLEX ALLOYS, part of the foundry division at Triplex, has appointed Dr John Campbell as technical director from November 1. Dr Campbell will be best known for his work with Cosworth and the development of an aluminium easting process to produce premium quality castings.

MANDERS (HOLDINGS) has appointed Mr S. Walnwright as deputy chairman from November 1. He has been a non-executive director of Manders since 1973. Mr Richard Heap has been appointed technical director of FREIGHT SOFTWARE SYSTEMS (FSS) of Crovdon. Mr Heap moves to FSS from a similar appointment at Synergy Logistics, prior to which he was engaged in transport research at the Cranfield Institute of Technology.

TELEX COMPUTER PRODUCTS has appointed Mr Richard Slegreve as vice-president of its European operation and general manager of Telex Computer Products (UK).

CELETTE CHURCHILL has appointed Mr Gooff Allen as director and general manager. He succeeds Mr Carls Lien who is taking up a new appointment with the Ti Group es sales and marketing director of Ti

£12.5m work for R.M. Douglas

will provide accommodation for 76 in Battersea and 41 in Erith.

Also in London, a fitting out contract for Texas Homecare in Brighton which is underway, and an office block of 785 sq metres on three storeys for Princeton Estates, will together add another £1.06m.

Douglas has an order for £1.23m from Vickers Shipbuilding and Engineering for a pipe cleaning plant at Barrow-in-Furness. In South Wales a contract for the Welsh Development Agency for £2.25m to build a factory in Rassau for Yuasa Batteries has started as also has another for £1.04m for City Investments Group to build a shopping park in Gorseinon. Soon to start is a 22-week contract to build a retail unit in Weston-Super-Mare for Allied Carpet Stores for £452,000.

The Property Services Agency has awarded a contract of £1.4m to refurbish a bangar at RAF Shawbury in e contract period of 58 weeks. A £594,000 contract has been won for reroofing works at Jaguar Cars plant at Radford. In Milton Keynes work will start soon on a 37-week contract of £518,000 to extend the office and laboratory buildings of Automatic Systems Laboratories to help them meet their increased sales.

A £2.5m management contract from Messile House is for refurbishment and redevelopment of "The Holme," an historic Regency house in Regents Park. Work starts next month for completion by the end of 1986.

Chesterfield

R. DURTNELL AND SONS of Brasted, Westerham, Kent has been awarded the following: extensions, alterations and refurbishment work at Hayes Court, Bromley, Kent, for the Electrical, Electronic, Telecommunication and Plumbing Union. ODC Architectural and Surveying Services is the architect and the contract value is fl.3m, with a contract period of 80 weeks. Construction of the VIP arrivals, prestigious coach service canopy at Gatwick Airport, Sussex for the British Airports Authority. The contract is worth £26,000, with a contract period of four weeks. Construction of 16 one-bedroom and 22 two-bedroom sheltered flats et Lyons Crescent, Ton-bridge, Kent for tha Hyde Housing Association. The contract value is over fim, with a contract period of 15 months,

The Leeds office of WIMPEY CONSTRUCTION UK has been awarded four contracts totalling £2.87m. The largest, for Leeds City Council, is for modernisation of 117 council houses at Westfield, Bramley, valued at £1.3m. Work is scheduled for completion in October 1986. The other three contracts are for Stockton-on-Tees Borough Council. The first, valued at £800,000, covers the modernisation of 100 hungalows at Lunedale Road, Billingham, for completion in February 1986. The second is for modernisation of 74 dwellings on the Hardwick Estate, Stockton-on-Tees. Work on this £500,000 contract will be completed during March 1986. Tha third is for the refurbishment of 41 dwellings on the Mandale Estate at Guisborough Road, Stockton-on-Tees. Valued et £274,000, the contract is expected to be completed in March 1986.

QUARMBY CONSTRUCTION CO
of likley has won a batch of
contracts valued at over £2m.
The projects include a non-food
retail development in Dewsbury
for St James Securities. In Halifax, Quarmby is building the
Pennine Shopping Centre. Other
projects include a prime high
street shopping scheme for the
group's own development company in likley, a Comet retail
development in Darlington, a
new music department et Malsis
School near Keighley. Work to
be carried out on listed buildings includes: the refurbishment
of The Royal Pump Room, Harrogate and the conversion and
convertion of an old water mill WILTSHIER SCOTLAND has few on two contracts together worth £137m. They are two rehabilitation projects in Glasgow. 19-25 Kent Road and 52-54 to Cleveland Street houses are to be refurbished for Avalon Corner Housing Co-operative. The contract is worth £683,000 and completion is due in August next year. The rehabilitation of tenement properties is under way at \$8-12 Pembroke Street and 492-498 St Vincent Street, Glasgow. Sandyford Housing Association has awarded the £695,600 contract with a completion date in July.

Mr Rebert Norris has been appointed an investment manager and Mr David W. Smith becomes an assistant manager (data processing) at the SCOT. TISH MUTUAL ASSURANCE SOCIETY.

Mr Tony Offerrall, director of operations for RANK THEATRES, will become manager in director on November 1. He was appointed controller of Rank's theatres in 1863, becoming director of operations a year later.

Mr Gary Greenhalgh and Mr A. W. (Bill) Revell have been appointed directors of AAH HOLDINGS from November 1. He was appointed directors of AAH ROLDINGS from November 1. The Gary Greenhalgh and Mr A. W. (Bill) Revell have been appointed directors of AAH HOLDINGS from November 1. The contract of the new controller of Rank's theatres in 1863, become later.

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Mr Gary Greenhalgh and Mr A. W. (Bill) Revell have been appointed controller of the new controller of the new controller of the new chestical ball of the part single, part two sortium undertaking the LAT project Construction of the contract by the Australian controller of the new controller of the new controller of the new chestical ball of the part single, part two sortium undertaking the LAT project Construction of the contract by the Australian controller of the new controll

R. M. DOUGLAS CONSTRUC.
THON has been awarded f12.5m is contracts, of which f3.5m is for three sheltered housing for three sheltered housing for three sheltered housing schemes. Accommodation for the North Housing Association at a cost of \$700.000. In London two schemes for the Shaftesthury Society Housing Association will provide accommodation for will provide accommodation for the Renty Boot Scotland to the Erith.

Also in London, a fitting out contract for Texas Homecare in Brighton which is underway, and an office block of 785 sq metres on three storeys for princetone Estates, will together add another \$1.06m.

Also in London, a fitting out contract for Texas Homecare in Brighton which is underway, and an office block of 785 sq metres on three storeys for princeton Estates, will together with add another \$1.06m. Housing Association bas awarded a £1.25m contract to convert a £1.25m contract to convert existing shops, offices and storage buildings into 43 flats in Worsester. Newbury District Councester. Newbury District Councester. Newbury District Councester. Newbury District Councester of 47 housing modernisations at for 47 housing modernisations at Lambourn. Berkshire. A comprehensive modernisation of 50 dwellings with new kitchens and bathrooms, new central beating, plumbing and rewiring is to be undertaken at Altrincham for administered from Bullock's Anothe Warrington office. Anothe housing contract about to start on site for North Housing Association is et White City, New-castle upon Tyne. The contract, worth over \$569,000, includes the modernisation of flats and houses, together with the conversion of 17 pairs of flats into houses.

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houses.

Bullock Specialist Services has won contracts worth F1.11m.
They include repairs to Woolaway houses for Rhymney Valley District Council (£566,000) and repairs to Airey houses for Mid-Bedfordshire District Council (£512,000). (£512,000).

Stockport-based MULTI CON-STRUCTION has been awarded a contract by Cyril Bernstein, Manchester. The design and build contract includes exten-sions to existing production facilities and foundations for a new Giben machina. Work is scheduled for completion in February. February.

Roadwork for **Balfour Beatty**

Balfour Beatty

BALFOUR BEATTY CONSTRUCTION has been awarded
a contract worth over £3.5m
for the construction of the
advance works on the Lincive
section of the Johnstone bypass on the A740. The works,
programmed for 65 weeks,
involve the construction of
1.2 km highway embankment
with granular material, together
with drainage provision to
accelerate consolidation below
the embankment and include
the installation of instrumentation to monitor the settle
ment and soil conditions during
and after construction. Works
on this section also include
construction of a roundabout
and 1.4 km of slip roads. A
second section comprises the
construction of hard margins
of on both sides of the existing
dual carriageway to the east
of Minclive roundabout over on both sides of the east dual carriageway to the east of Linclive roundabout over 1.8 km together with drainage alterations and overlay/recongratuction of the existing carriageway. Balfour Beatty is



Every evening from Heathrow, she'll fly you non-stop to Singapore aboard an exclusive Big Top 747, one of the world's most modern fleet. Only Singapore Airlines offer you a daily, direct service, which doesn't interrupt either sweet dreams or the kind of inflight service even other airlines talk about.

Minister

sets out

takeover

principles

This has culminated in a record

breaking £1.8bn offer from Elders

IXL, the Australian brewing, agri

cultural and trading company, for Allied Lyons, the British food and

Mr Howard'a confirmation of gov

ernment policy on takeovers was intended as a reply to comments made last Thursday by Mr David Walker, a senior Bank of England

official, suggesting that the policy

Mr Walker said that UK policy

should take into account the finance

was too narrowly based.

heavily financed by debt.

drinks group.

Tories to name MPs who 'abuse' regulations

By Kevin Brown

MR DOUGLAS HURD, the Home Secretary, yesterday promised to name 23 members of Parliament accused by Mr David Waddington, the Home Office Minister of State, of

abusing immigration regulations. Mr Hurd's statement followers sustained protests from opposition Labour members angered by Mr Waddington's claim that the immigration service was being strained

by their excessive representations.

Mr Waddington refused to name
the MPs involved on the grounds
that his comments were based on confidential correspondence sent to the Home Office.

Mr Hurd said it was "entirely right" for Mr Waddington to raise the issue in the House of Commons. He said the 23 MP's were being contacted for permission to publish their letters, after which they would

He said it was not being suggest-ed that the Labour members had broken the law, but there were "ob-vious difficulties" when representa-tions were made on behalf of overseas visitors about whom an MP

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had no knowledge.

There were "one or two cases"
where MPs seemed to be deliberately facilitating the temporary
admission of overseas visitors who they had every reason to believe would not qualify for entry under the immigration rules, Mr Hurd

If these MPs actions were widely copied the result could only be a weakening of the immigration con-

trol system Mr Hurd said the Government was anxious to strike the right balance between MPs' rights to make representations and the need for effective immigration control. He promised talks with the MPs involved "in the hopes of working out a sensible answer.

The statement failed to satisfy Mr Gerald Kanfman, Labour's home affairs spokesman, who had led opposition protests on the issue.

Mr Kaufman said that in essence the allegations which the government are making add up to a whine that the actions of MPs are an inconvenience to the executive. But one of the most essential functions of an MP is to be an inconven-

C THE WEIR group and Balfour Beatty have formed a joint venture to tender for the management contract at Rosyth naval dockyard in nounced last July that it wanted to place Rosyth and Devonport dockyards under commercial manage ment by the spring of 1987.

BRANCH officials from the breakaway Nottinghamshire area miners' union unanimously ap-proved a 5.9 per cent pay offer from the National Coal Board to the area's 27,000 mineworkers.

D BRITISH doctors earn more than 6400 a week on average, according to figures published in the Government's New Earnings Survey. The survey shows medical practitioners are the first group to pass the £400 mark.

D REUTERS, the news and information group, has taken a majority shareholding in Visnews, the international television news agency.

Reuters has paid the BBC £2.6m for just under 22 per cent of its stake to lift the Reuters share from 33 to 55 per cent.

The BBC stake in the organisa-tion, which has more than 420 subscribers in 83 countries, falls to 11.25 per cent, matching the share of the other shareholders - the Australian, Canadian and New Zealand **Broadcasting Corporations.**

☐ THE GOVERNMENT has approved the sale of the Vosper Thornycroft shipyard at Southampton to

Inquiry ordered after spy case acquittals

BY KEVIN BROWN

men were cleared of charges ity at the Cyprus base and other in-brought under the Official Secrets telligence units after the first of the Act. They were all accused of espioeight servicemen was arrested. A nage based on their work at a sig- large number of recommendations

nals unit in Cyprus.

The total collapse of the prosecution's case came on Monday when the last two accused were acquitted at the Central Criminal Court in financial compensation for those London. It was Britain's largest, acquitted. He said there was no longest and most expensive spy trial, estimated to have cost £5m.

It was also revealed that the case men would be subject to service was referred to the Security Commission by Mrs Margaret Thatcher, to service boards. No proceedings It was also revealed that the case Prime Minister in June 1984, besuse of the gravity of the apparent er suspects. breaches of security.

Mrs Thatcher told the House of Commons yesterday that the in-volvement of the Security Commission was not announced in order to avoid any interference with the trial of the eight men. She promised a

inquire into the conduct of investigations by the Royal Air Force and Army Police.

He said the inquiry would be nonstatutory, but promised full co-operation by the Ministry of De-tirely with the DPP. Ministers were ever, that Mr Calcutt would not be the inquiry, and tha case went able to compel witnesses to give eviahead after consent was given by dence, and may not be able to offer Sir Michael Havers, the Attorney

THE GOVERNMENT yesterday an ounced an independent inquiry in Heseltine, the Defence Secretary, to the case in which eight service had lime the disputation of the case in which eight service had lime the disputation of the case in which eight service. for tightening security had already

been implemented.

Mr Stanley resisted pressure from both sides of the Commons for precedent for compensation in simi-lar cases. The future of the servicewere contemplated against any oth

Mr Denzil Davies, Labour's defence spokesman, said there were fundamental questions to be answered about the responsibility for the decision to bring a prosecu-tion which turned out to be 'full of holes and largely based on confes-sions extracted by dubious or bar-

stor the eight men. She promised a full report to parliament after consultations with the chairman of the commission.

Mr John Stanley, the Armed Forces Minister, said in a statement that Mr David Calcutt, QC, would that Mr David Calcutt, QC, would Prosecutions (DPP). He instigated involving the Director of Public Prosecutions (DPP). He instigated inquiries by the Metropolitan Police Special Branch, and subsequently decided that the evidence justified

Accountants oppose Bank of England plan

BY DAVID LASCELLES, BANKING CORRESPONDENT

creasing pressure to drop its con-troversial proposal to hold private meetings with bank auditors as part of its drive to strengthen its supervision of the UK banking

Yesterday, Britain's chartered accountants came out against the pro-posal. The main interested parties have now all placed themselves in opposition. Earlier this month, UK banks re-

fused to sign a form sent to them by the Bank that would have given the Bank's supervisory staff the author-ity to consult their auditors. Bankers were angered by the form be-cause it anticipated the Govern-ment's forthcoming banking White Paper (policy statement) which is supposed to lay the basis for whatever changes are made to banking

In a joint memorandum to the Bank yesterday, the chartered ac-countants' institutes of England, Wales, Scotland and Ireland said that supervisors should not have the right to meet a bank's auditors unless the bank's management was present as well. They also argued against the Bank of England receiving, as a matter of course, the anditors' reports to management on internal control weaknesses.

THE BANK of England is under in- Mr Colin Brown, chairman of the group which prepared the joint pa-per, said: "We consider that any prosals which breach an auditor's duty of confidentiality would seri-ously undermine the relationships which currently exist between audi tors and their banking clients. Far from assisting the effective supervi sion of banks, this would make both the auditor's and the supervisor's

jobs far more difficult." Although UK bankers have alcome out against the al, a formal response from the British Bankers Association is not due for another few days. Like the accountants they are expected to say that bank management must be told of - and be given the chance to attend - any meetings between the Bank and their auditors.

Despite the hostility, the Bank seems unlikely to drop its proposal that easily. A spokesman said yesterday that some banks had supported it. He also stressed that the Bank did not intend it to be a rule so much as a facility to be used in exceptional circumstances The Bank had not wished to an

ticipate the White Paper by sending out the form, be said. But if auditors were to become involved in the dialogue between the Bank and bank management, he asked why one should not start now.

Polls give Tories lead

BY PETER RIDDELL, POLITICAL EDITOR

bour, according to two opinion polls taken since the end of the party conference season

A Market and Opinion Research International poll says in yester-day's London Standard that the Tories at 37 per cent (up 7 points over the past seven months) compare at the expense of the Alliance

THE CONSERVATIVE Party has with 36 per cent for Labour (up 3 moved into a narrow lead over La-bour, according to two opinion polls ance (down 10 points). An NOP survey in the Mail

Sunday put the Tories at 37 per cent against 34 per cent for Labour and 28 per cent for the Alliance. Those figures showed that in re-cent weeks the Tories have gained

OBITUARY

Charles Douglas-Home: editor of The Times

leadership that sales of the newspaper rose from under 300,000 to almost 500,000 copies a day. He was

He took over the editorship of the Murdoch-owned newspaper at a time when The Times was split into various camps after the departure of Mr Harold Evans, its former editor, in 1982. In little more than a year, he managed to pull the paper together, to get people going and to improve the sales. Had The Times stayed where it was when he took over, it would have died, a senior

executive of the paper said. Mr Douglas-Home, whose death came after a long illness, was the nephew of Lord Home, the former Conservative prime minister. He joined The Times as its defence cor-

respondent in 1965. "He was a Times man through and through," said one journalist who worked with him. He had belief in The Times and in its role as

MR CHARLES DOUGLAS-HOME, who died yesterday, was editor of The Times for little more than three years, but it was under his same time he wanted to widen its

appeal.
"He himself was a man of eclectic tastes. If the paper started looking too academic or bookish, he would start asking why we did not have more about horses or the rise of a pop group.

Those who knew him emphasised his managerial ability to delegat and at the same time to keep a grip on a paper - via a squawk box at his hospital bedside during his illness. On a personal level, he drew admiration for his courage, his knack of making friends and for his sense of

The Times met considerable criticism during his editorship for going downmarket - notably when its bingo-style, stock market game was introduced. But at the newspaper yesterday, such criticism was being set at little against the paper's rise in circulation and its financial turnround over the period of Mr Douglas-Home's editorship.



Douglas-Home: "Times man through and through"

Four years ago, Times Newspa-pers was losing about £25m a year -much of the loss directly attributable to The Times itself rather than to its much more successful sister paper, The Sunday Times. Today the group is making profits of about £7m a year. While The Times itself has not yet broken even, it is ex-pected that it might well do so next

The new editor will have to be approved by a majority of The Times six independent directors. No anment is expected until next

JAPANESE GROUP WORRIED BY SCALE OF HONDA PLANS IN BRITAIN

Nissan may step up UK operation

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN TOKYO

NISSAN, Japan's second-largest ve hicles group, is under intense pressure to move swiftly to the largescale manufacture of cars in Britain from the planned initial assembly of imported kits. There are fears that Honda, its arch-rival, may get

COMPETITION was the biggest but not the only issue considered by the to a UK manufacturing stage first. nt when applying its These wornes are becoming inmergers and acquisitions policy, Mr Michael Howard, Corporate and Consumer Affairs Minister, said in creasingly clear during the run-up to the Tokyo motor show, where Nissan will today launch the model his first major policy speech which is to be assembled in its factory being built at Washington, in the north-east of England.

provided for cases deserving inves-tigation on other grounds where the destiny of a vital national capa-bility is at issue," he told a confer-ence on international mergers and The car, code-named GP, has caused surprise because it is slightly larger and covers a much wider market segment than the Stanza, which it will replace when it goes on sale in Western Europe and Mr Howard stressed that he did not want to appear to prejudge a de-cision on any specific merger proposal. But his comments have come from General Motors and BL's Ausat a time of intense takeover

The four-door version of the car Nissan of Japan will essemble et its factory in the UK from next summer.

on a sub-contract basis by BL's Austin Rover subsidiary. Mr Harold Musgrove, Austin Rover's chair as the Rover 200 series. Output man, is in Tokyo with a large technical team for discussions with Honda, as well as to be present at North America next March. It is a the first public presentation of the direct competitor to Ford'a Sierra, XX, the executive saloon developed the Opel Ascona/Vauxhall Cavalier jointly by the two companies. It would seem logical for Austin

The definition of the Hoods Ballade for the Japaent intention to have substantial ness group's European dealer net intention to have substantial ness group'

could get under way as early as next year if agreement is reached

this week. that a project which eventually could lead to Austin Rover assembling 100,000 cars a year for Honda

between his company and the Japa-nese group - for a medium-sized car which will, in Austin Rover's case, replace the Maestro and Monteg

Honda's known potential for speed of executive action, could leave Nissan well behind. Nissan said formally it would start assem-bling the GP at the rate of 24,000 a year in the UK from next August and then will take a decision on phase two in 1987, which could lead to the production of 100,000 cars a year on a single shift at Washington, starting in 1991.

Some Nissan executives say privately, however, that not only could the decision on the phase two be brought forward to next year, but also production at Washington could quickly be pushed up to two

shifts, or more than 150,000 a year. The model will be offered in three body shapes - a four-door saloon plus three and five-door hatchbacks, with five different standards Mr Musgrove will also discuss of trim. There will be four engines

Mitsubishi joins GKN car spring project

of Japan is entering e joint venture with GKN to develop the potential of the UK engineering conglomerate's technology breakthrough in composite springs for commercial vehicles, writes John Griffiths.

The potential world market for ing techniques used by bidders, par-ticularly if they resulted in a rise in thirds lighter than their steel equivcompany debt. Many recent bids, aleuts, is about 20m units a year including that by Elders, have been The Japanese market could be worth £160m to £170m a year.

Mr Walker, the Bank director re-While several of Europe's largest onsible for industrial matters and commerical vehicle producers are the securities markets, said governstill evaluating the springs, on which GKN has spent £17m to dement should take into account the broader international implications velop and bring into production, a year it is one of Europe's small of a merger.

Witsubishi appears to have recoglight commercials producers.

MITSURISHI Steel Manufacturing nised the potential threat to its of Japan is entering e joint venture steel vehicle springs business and is therefore seeking access to the new technology.

The springs provide a weight saving - and equivalent payload in-crease - of about 55 lbs on a typical medium van and have the advantage that, should they fail, they split longitudinally rather than hreak. This means a vehicle can continue in use until repaired.

Freight Rover, BL's van-making subsidiary, has just introduced them as a "world first" on its Sherpa van range, but with annual pro-duction of just under 20,000 vehicles a year it is one of Europe's smallest

is a hig supplier of steel springs to the Japanese industry, which produced 4.39m commercial vehicles of all types last year. So far, the light trucks only but units for heavy trucks are in the process of develop-

The joint venture is being under-taken by the UK group's GKN San-key division. It will hold 60 per cent of the equity in a new company, Translite UK, with Mitsuhishi holding the remaining 40 per cent. In-itial share capital is Y1.2bn (£39.4m).

An agreement between the two companies was signed yesterday,

Mitsubishi Steel Manufacturing although it is still subject to Japanese Government approvals. It provides for Translite to carry out sales, design and testing activities at a Tokyo base on behalf of, and with, the Japanese vehicle pro-ducers. It will also undertake a fea-

> local manufacturing capacity. Initial demand is expected to be met from GKN Sankey's plant at Telford in the West Midlands of England, where capacity is 600,000

sibility study into requirements for

units a year. While GKN has patented some aspects of the springs, which were developed by its GKN Technology division, it has not patented most of the production process.



Massey plans expansion at Coventry plant

BY ANDREW FISHER

an farm equipment group, plans to duction costs by about 20 per cen invest a further £80m at its Coventry tractor plant in the English Midands over the next five years. But up to 500 jobs are likely to be shed there as a result of increasing auto-

The group is in the midst of a £22m capital spending programme aimed at increasing efficiency at its Banner Lane plant in Coventry, the largest tractor factory in the world. Massey, which almost collapsed five years ago, employs around 4,800 people in Coventry. The manual workforce is about 3,000, half the peak level of 1977. Mr Scott Glover, director of UK supply, said future reductions would be schieved through voluntary redun-

dancies and retirements. Massey's investment program was announced the day after J.L. Case, the U.S. farm equipm group, revealed plans for its U.K. operations that could mean spend-ing £90m and the creation of 2,000

jobs in the next five years. Mr Glover said most of Massey's spending at Coventry would go on computer controlled machine tools and flexible manufacturing sys-

MASSEY-FERGUSON, the Canadi- tems. The aim was to reduce pro over five years. The investment de pended, however, on the compan-becoming efficient and profitable enough to generate the needed

> The present investment prospent on changing the layout of the Banner Lane plant and transferring machining operations from a near-by factory at Baginton, had been funded through a reduction in

> The Banner Lane plant produces around 60,000 tractors a year, of which 90 per cent are exported. The value of the exports is about £235m

Mr Glover said Massey had to match its operations at Coventry to the lower sales volumes of recent

Mr Denis Schwieger, director of marketing and planning, said that tractor demand in the West was likely to drop to around 583,000 units in the year 2000 from this year's 608,000, but there were good prospects in the developing world where Massey had a 30 per cent

Tour group price war spreads

in the package tour industry continues, serious alarm is being ex-pressed about the financial consequences for the UK's 600 or more tour operating companies.

But the big groups claim they are heading for a profits boom, in spite of an almost hour-by-hour cut and counter-cut in an extraordinary Dutch auction as the Association of

Amid much talk of a bloodletting" year, Mr Harry Goodman, the UK. chairman of the Intasun parent, International Leisure, said that as many as 100 tour companies would pull out of the business or fail in the coming year. He insisted none the less that ri-

vals who complained about the new aggression of Intasum and Thomson Holidays were moaners and At the convention vesterday Inta-

sun launched its new discount programme under the Lancaster label, with a programme which includes for blatant promotional purposes, two-week holidays in Spain for £39. Thomson Holidays promised further cuts on its Skytours pro-gramme and introduced its own "standby" holidays at £25 for one and £35 for two weeks in

As each announcement was more tour companies called hurried gatherings to produce badly-typed sheets of new special of-fers, leaving the retail travel agents bemused and often angry sold 450,000 holidays, worth £100m when he declared: "I am certainly holiday plans).

Fierce price-cutting is forcing sharp divisions within the UK package tour industry, Arthur Sandles reports from Sorrento on growing fears for the survival of smaller operators as the bigger groups battle for market shares.

that many of them still do not have brochures to sell the holidays that has sold 315,000 holidays. Both com-

are being repriced. The Rank Organisation not only British Travel Agents (Abta) met cut its tour prices by 17 per cent but added borns offers of £25 weekends for two in London and £25 weeks for six in Butlins holiday camps in

> Horizon Holidays has promised that its discount label, Broadway, will soon produce a brochure with the lowest prices. In a remarkable attack on Thom-

> son, which started the present whirlpool of discounting, and the whole price-cutting campaign, Mr Eric Sutherland, the president of Abta, talked of a "brutal challenge

duced profits across the trade as a whole, for both tour operators and travel agents. It is at worst massive blood-letting, and deficit trading to say the least.

Mr Goodman thought these comments were "nonsense." He argued: "This industry is growing up. Yes, there will be blood-letting, but why shouldn't there be blood-letting?" He pointed to the success of the price war in producing bookings. Thomson has said it has already

panies' sales are seven times the

level of the same time in 1984. Mr Goodman, said this level of bookings "will make a dramatic difference to our profitability. If we do not have to discount, this will be our most profitable year ever.

Mr Goodman added that there was little prospect of discounting but he felt there was a good chance that the supply of holidays might run out by February. New brochures might be produced in the New Year, perhaps with higher prices, which would penalise those who had delayed their holiday

bookings. Thomson and Intasun point out Mr Sutherland told the 3,000 that the supply of airline seats on travel agents at the convention:
"The cost is, at best, massively real about 8 per cent for the coming

There would be a maximum of 20 per cent more holidays available in the coming year, including unsold holidays from last summer.

Mr Sutherland was not convinced that companies will find a way to survive the deliberate threat to their existence which this battle of the giants is inflicting on others,

he said. Mr Sutherland was applauded

but I am talking about the rights of your neighbour, the viability of an industry and ultimately the true interests of the public."

Mr Terry Grew, managing director of British Airways' holiday activities, felt that Thomson's move was "ridiculous". They (Thomson) have taken a gigantic gamble, not just with their own business but with the whole industry."

Mr Grew said that the BA tour operations, which include Enter prise, Sovereign and Martin Rooks, and which is being groomed for privatisation, would not make a loss as a result of discounting "but profits will be smaller."

Mr Paul Brett, managing directo of Thomson Holidays, said his tours would sell at a good profit, "but it does depend on volume, of course." The Rank Travel programme includes some 250,000 holidays with

prices considerably lower than in 1985 - some more than £100 cheap-er. Admitting that Rank has not matched Thomson prices, Mr Pad-dy Lewis, managing director of Rank Travel, listed a series of benefits which Rank (OSL, Wings and

Ellerman Sunflight), would receive. These include free parking at airports (which could be worth more than £25 at the London surports of Gatwick or Heathrow) and opportunities to buy weekends in London at Rank Hotels or weeks at Butlins at heavily discounted prices. Rank is also promising no surcharges and no consolidations (major changes to

Inflation hopes rise as manufacturing cost pressures ease

companies are reporting continued increases in output and orders but the pace of output growth has slowed and business confidence has nices stocks of raw materials are re-

in exports and investment is beginning to tail off while consumer remains relatively

while after growing rapidly in the while after growing rapidly in the first half of this year capital spendare are to improve efficiency (75 per first half of this year capital spendare cent of companies) or for replacement of companies) or for replacement of companies.

ployment is slowing. "Growth is in the April survey.

dents to the CBI survey replied that cent reporting fewer jobs compared their level of optimism was unchanged from the previous survey in July, while 21 were more pessions and medium-sized companies are mistic and 15 per cent more opti-expanding their workforces but this

The resulting balance (the proportion reporting a rise less the pro-portion reporting a fall) of minus 8 per cent, suggests a sharp fall in confidence since the surge in the immediate aftermath of this year's budget in March. Then the balance was 18 per cent. In July it fell to

Small companies - with fewer than 200 employees - continue to be more optimistic than their larger ri-vals, with a balance of 3 per cent reporting an improved outlook in the latest survey. Within different sectors, the gloomiest companies are those in metal manufacture, while textile companies are more confident than average. Quiput and orders: Companies

are still reporting increased output, although over the past four months the growth rate appears to have slowed. The expected trend over the next four months, however, is still forecast to be upwards.

of 10 per cent said their production had risen in the last four months, compared to the 18 per cent which reported an improvement in July. Looking forward, a balance of 17 per cent expect higher output over the next four months, up from the 14 per cent predicting an increase at the time of the last survey. Of individual industries, footwear manu-facturers are most optimistic and industrial chemical companies least

Order books for most companies are still growing, with the balance of 11 per cent reporting an increase, slightly above the 10 per cent figure

ecorded in July. Output and capacity: The percen-tage of companies working below capacity rose to 49 per cent in the capacity rose to an per cent in the October survey from 45 per cent in July, but the CBI says that the last figure was the lowest since 1973 and the present one still reflects an historically good level of capacity

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT BRITAIN'S MANUFACTURING July. The CBI said the latest figure appeared to reverse what had been

declined, the Confederation of Brit-ported as more or less stable over ish Industry (CBI) says, in its latest the last four months although at the The outlook for inflation, however, has improved markedly with the survey indicating the weakest cost increases for industry since

The CPT

The CBI says that the survey, should continue to increase over along with the evidence from offialong with the evidence from our-cial statistics, suggests that growth per cent of companies predicting in exports and investment is begin-higher capital spending compared

with a zero balance in July.

The CBI says that since balance over the last two years have been Export orders have been hit by more than 10 per cent, the latest two figures taken together suggest and by a slowdown in world trade, a moderation of investment plans.

ing is likely to moderate.

Despite the continuing growth in ment (50 per cent). Uncertainty output, companies have continued about demand is the most important factor limiting capital expendities has slackened suggesting that the decline in manufacturing emitted and a suggestion of 36 per cent in the April suggestion.

continuing, but the pace is now steadying and in any case still reducing their labour forces but the leaves many companies with excess capacity."

Some 65 per cent of the responsional that the CRI companies are still reducing their labour forces but the pace of the decline in manufacturing employment appears to have slowed. The balance of minus 6 per cent in the CRI companies are still reducing their labour forces but the pace is now page and in any case still reducing their labour forces but the pace is now still reducing their labour forces but the pace is now still reducing their labour forces but the pace is now still reducing their labour forces but the pace is now still reducing their labour forces but the pace is now reducing their labour forces but the pace is now still reducing their labour forces but the pace is now reducing their labour forces but

CBI quarterly. survey of industrial trends

is being outweighed by the contraction in larger companies. Among different sectors the textiles and electrical and instrument engineering industries have been taking on workers, while the sharpest declines have been in food, drink and tobacco companies.

Costs and prices: The balance of companies reporting a rise in costs over the last four months fell to 19 per cent in July, the lowest level since 1960, while over the next four months a balance of 21 per cent are expecting cost increases, the lowest since 1964.

The effect has been a significant

reduction of upward pressure on prices, the survey shows. A balance they had raised prices over the last four months, while the balance of 17 per cent predicting increases over the next four months is the lowest since 1968.

Experts: Companies are now less optimistic on the prospect for exports, with a balance of minus 7 per cent expecting a decline compared with a 2 per cent balance predicting an improvement in July.

The survey suggests that export order increases have come to a halt, with the zero balance in October after seven previous surveys in which reported Companies replying to the sur

vey, said that expected export or ders were higher with a balance of 8 per cent predicting an improve ment over the next four months.

Export prices were reported to have declined by a balance of minus 1 per cent of companies, a consider able reversal since the balance of 34 per cent reporting increases in the

April survey. The main constraint on output continued to be a shortage of sales or orders, with 79 per cent of companies reporting that that was the main factor limiting their production compared with 73 per cent in London WCIA 1DU.

April Survey.

CRI Quarterly Industrial Trends Survey Number 28, October 1935; annual subscription £100 to members. From CRI Economic Trends Department. Centre Point, New Oxford Street, London WCIA 1DU.

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alteni Anyone travelling to the West Coast on Pan Am can relax in the knowledge that they've made the right choice. For Pan Am has more nonstops than any other airline. What's more they are convenient

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Pan Am. You Can't Beat The Experience:

in the world thanks to his postal bargain, was what had me rolling on the floor.

Connolly is not a "pee, po. belly, burn, drawers" merchant

like Benny Hill who appeals for laughter by pretending to the

mischievousness of a naughty but knowing child. Connolly's enjoyment of the scatalogical is

that of the true innocent; like Rabelais he has somehow pre-served into adulthood the state

nf innocence in which children

discover those bodily fonctions and stributes which adults des-

and stributes which adults des-cribe as dirty. A toddler will experiment equally happily with eating coleslaw end coal dust because he is innocent of inhi-

bition, and will discuss or exhibit the "clean" and "dirty" buman functions with similarly

naive lack of discrimination.

So it is with Connolly—or else be is bluffing us with brilliant success. Perhaps the truth is that, like a number of people,

he genuinely finds bodily inhibi-

tions quaint and slightly dotty, yet, recognising that most people feel these inhibitions strongly, joyfully capitalises on

the slight difference between bimself and his audience. Hence

the impact of his expression of surprise at discovering his first

grey puble hair; shock at the daringness of the reference, but something like affection at the

sbaring of a common attribute. Connolly has many of Lenny

Bruce's instincts for exploiting the supposedly unmentionable but none of Bruce's viciousness.

It makes him an extraordinarily

But enough of rubber knickers; this column was to

have been devoted to fulfilling

my promise three weeks ago to

spowerful comedian.

A Company Services

1000

BI quantity Surrey of instrial tresi

Theatre's initial offering in their week's season. I am no admirer of Jose Limon's gloss on Othello, but it bas the merit of brevity, and Robert de Warren'e new version of the tale for his company, and Loris Tieknayorian's commissioned Tjeknavorian's commissioned score, if not long by the clock, seemed interminable at this first London showing.

To make Othello so worthily dull is, 1 suppose, an achieve-ment of sorts, as it is to reduce Sbakespeare's tragedy to a form of dumb show, for what we see in an acreage of gesture, the occasional set-piece of dancing, and some arid activity which must pass as narrative The bero of the occasion is Peter Farmer, who has designed menacingly brooding front cloths, and scenery whose simplicity is potent in evoking locale and emotion. Nothing plicity is potent in evoking locale and emotion. Nothing alse in the evening—not Mr Tjeknavorian'a grinding score nor Mr de Warren's dutiful patternings—does anything but Season, sponsored by Sains—Patineurs, Petrushka and Paquita, followed by performances of Coppelia, and ending the London premiere of hallets with another Bintley ballet termings—does anything but Crow and Graham Lustig, and Card Game.

It is not often that your seenit-all television critic laughs so
much at a programme that be
rolls off the sofe and ends up
on the floor in a foetal position,
gasping for breath and writhing
"Loud desperately to keep his
eye on the screen. It happened on Saturday, bowever,
during London Weekend's
Audience With Billy Connolly.
In one of those insanely logical sagas which he builds up
and decorates, like an illuminated manuscript, Connolly

Teturn to this season's documentary series, of which there
seem to be an unprecedented number. Among the examples
Trimph Of The West and Now
The War Is Over, and Channel
4's Love Affair With Nature
which are "thesis" series, and
Soldiers and Now The War Is
Over which are more like "partworks." and decorates, like an illuminated manuscript, Connolly started on the oddness of the "postal bargain" small-ads in the Saturday newspapers and came by stages to the subject of incontinence knickers. His description—enactment, rather—of the man in the dance hall, performing with all the confidence in the world thanks to his postal

works."

Biggest of the four is Triumph Of The West which reached the aighth of its 13 episodes on Monday. In terms of television's famous function of offering a "window on the world" it is proving pretty impressive. Thinking back over the episodes all sorts of telling moments come to mind: pletures of an astounding 30-mile aqueduct built in one of Spain's South American colonies by a aqueduct built in one of Spain's South American colonies by a monk who supposedly had no architectural training; an explanation of the connection oetween "burgher" and "bourgeois" and the implications of that connection; the invention of the Cyrillic alphabet; and the notion that a medieval cathedral represented an investment of money and effort as great as that in e modern space programme.

space programme.
Roberts's style of presentation has all the advantages and disadvantages which stem (I take it) from a lifetime of lecturing: he is completely at ease and never difficult to understand (although the "o" dis-

appears from "political" and "governments" becomes "gumments"). However, he is so relaxed that he sometimes gives the impression of being a little bored, and there is in his pracbored, and there is in his practised delivery a touch of thet repetitive, sing-song rise and fail, like Alan Bennett parodying a vicar, which hints at overfamiliarity with his material. There is little sign of the winning enthusiasm for the sharing of knowledge which made Bronowski so attractive in The Ascent Of Man.

Television/Christopher Dunkley

Small ads and the appeal of parts

Ascent Of Man.
The chief difficulty, however, Tha chief difficulty, however, is more to do with television than with Roberts. With seven days between episodes and so many other matters intervening, Roberts's thesis becomes diffuse and almost lost. Reading through the Press release for the series, where a couple of paragraphs are devoted to each episode, the strength and consistency of the message about the triumph of the West is striking. But on television, after a week of news, comedy, and snooker, we need more careful and frequent reminders of tha central idea that Roberts seeks to convey. seeks to convey.

Edwin Mullins provides just such reminders in his excellent series A Love Affair With Nature Indeed his programmes give the impression of being more specifically targeted; with Roberts you sometimes get the feeling that he is running again through his 1976 book, "History of the World," and inserting occasional comments

sustain his disquisition on

Mulling by contrast you always feel as though his central treatise comes first and each successive painting or building or garden has been chosen with great care to illustrate the next step in his argument. Further-more, Mullins most certainly does have thet zeal for sharing

does have thet zeal for sharing enthusiasms, which characterised Bronowski.

The Roberts and Mullins series are from an established tradition. Soldiers on the othar hand looks like something new. Initially It may seem much like the other serias: a co-production, shot in various parts of the world, and exploring a big topic with the belp of a personable presenter, this time Frederick Forsyth.

Better known as a writer of

Frederick Forsyth.

Better known as a writer of best-sellers, and even as a Reuters reporter, than as a television presenter, Forsyth nevertheless does the job with consummate ease. Either be is using a concealed ear-piece to cue his lines, or be is the world's most casually inconspicuous reader of idiot boards. or—as 1 suspect—he has an actor's ability to learn lines quickly. Anyway, be is remarkably good at the job. The biggest surprise is that he did not write the script. write the script.

But although Forsyth's pre-sence at the front may give the sence at the front may give the impression of a conventional approach this series is really more like one of those magezine part-works ("Modern Warfare" or wbatever) than a classic documentary. Like the

appealing. From the striking title sequence to the cleverly used extracts from Hollywood movies and the speed with which it cuts from one location to another, one subject to another, its driving force appears to be not the script but the concern with bow attractive it looks and feels to a casuai viewer. This is not necessarily a bad

thing. There sre times when one would rather flick through one would rather flick through a part-work, glancing at the pictures, than settla down to read a long, tightly reasoned analysis in a history book. Moreover while the seven-day hiatus between parts in a television series makes for difficulties in presenting a coherent thesis such as Roberts's television lends itself far better to the episodic approach of a partwork.

work.
Now The Wor Is Over, which looks at Britaio between 1945 and 1951, seems to be a halfway bouse between the didaction bouse between the didactic series such as Triumph Of The West and the part-work approach of Soldiers. There is, once again, the sheer attraction of looking at the pictures: the newsreels of queues during rationing, of exterial roads appearing brand new and appearing brand new and populated only by the occasional new "vintage" car, the gleaming blocks of flats which we more usually see on television nowadays being knocked down.

A seemingly superficial tendency towards the anecdotal is periodically turned into e strength when somebody seen 40 years ago in a photograph or

40 years ago in a photograph or cinema newsreel is interviewed for the programme today and comments directly on intervening events. The woman whose family we watched being moved into a post-war flat was sadly illuminating on how, even today, they would rather be in their old terraced house, for

For me the series would have been improved by more direct voice-over commentary of the sort which pointed out, on the introduction of the National Heelth Service, that there was a fear of "total" national ealth putting doctors out of business. However, this sort of archival part-work, reminding the netion of its roots, is surely going to be a growth area in They serve as battle ramps and television as the medium ages as spatially isolating arenas and its own vaults start to be when the Macbeths grow apart.



Macbeth/Leicester Haymarket

Michael Covency

After last season's Dream, the Leicester Haymarket has come up with another intriguing Shakespearian adventure, e second collaboration between the director Nancy Meckler and the People Show. Whatever its shortcomings this ever its shortcomings, this Mocbeth is a refreshing and vital assault on conventional Bardic presentation and, in Julia Walter's Lady Macbeth, it offars one of tha most powerful readings of thet role in recent

All Gothicism of blasted heaths and midnight hags is out. The witches are a trio of out. The witches are a trib of scavenging bag-ladies, first seen robbing corpses and later comparing evil trinkets stowed in a diapidated pram. The timeless eeriness of the best People Shows takes on a new dimension bere, with a spiralled staircase, representing the castles of both Duncan and Macbeth, fitted out with red swag and frosted windows. Mark Long as Porter, Murderer and Mes-senger is the resident genius, sombrely supervising lurid wassail under e chandelier of

The design, which exudes a Heath Robinson air of pragmatic fantasy, also incorporates two large platform drawbridges suspended in mid-air and used throughout with ingennity. as spatially isolating arenas when the Macbeths grow apart. Until the murder of Duncan

(Martin Friend. benignly monkish), Bernard Hill presents a blank somnambulist pushed a blank somnamouset pushed into crime by an ambitious wife. But ber sexual grip on bim is spattered by his imaginative response to the domestic dilemma; as Hill announces the murder of the grooms. Miss Wslters's pallor turns visibly grey, she totters and faints. No ruse, that.

As Macbeth comes awake and rises to his prey along with night's other black agents, his wife goes to sleep. Hill swallows too many words at the moment, forgetful perhaps that he has left the television studio. Nor does be step up into any gear suggestive of penic or hor-ror at the end. Banquo's gbost is unrepresented, remaining an ballucination like the degger. but driving Mecbeth to lia on the dinner table waving his legs in the air. Re-convening with the witches, he is hypnotised and delivers the dreed pro-phecies bimself (in the manner of Jonathan Pryce's possessed Hamlet) while flailing in an epileptic fit.

After these explosions, Hili subsides into his blank and lelsurely former self, a ploy that robs the finel act of excitement. No chence of duliness with Miss Walters, though, who demonstrates conclusively that will be irresistible should Mr to be a good comic actress is Hill rekindle the stage authority to be a good actress, full slop. We remember from the halcyon Her descent from ravenous Liverpool Everyman days of a bostess to sleep-talking shroud decade ago.

is -fully explained and bril is -fully explained and bril Hantly executed. Har shoulder-shrugging jountiness is a spectral echo on "Fie, my love" and she dashes to the front on "Give me your hand" before retreeting, broken and haggard, up her illuminated statewell. The women's wail is psri of a sustained soundtrack of echoing sustained soundtrack of echoing sighs, desultory drumoning, screeching owis and crying crickets. The melancholic synthesised bagpipe suggests a new ballad, or possibly s Royal Court play "The Amazing Grace of Eleanor Rigby" (hints of both tunes).

The staging pulls off some striking transitional effects: Joseph Marcell's laughing, incredulous Banquo is butchered in an animal nel while the feast is cslmly prepared behind him; and the butchery of Macduff's family (e childish bread roll fight turns sickeningly violent a good touch) is invaded by delivery men rolling out a carpet and lestber sofs for the notorious "English" scene.

This proves no less implau-sible then ever, but that is no fsult of Jeremy Swift's bump-tious, confident Malcolm or Nick Stringer's palpably decent Mac-duff, turning private grief to

Othello/Dominion

Clement Crisp

"Bring back The Moor's drain the theatrical energy roote that there is rather more rodomontade than characterisation to Marcello Angelini's last night after Northern Ballet seems as if it were alming at Moor and Andrea Costa's Iago;

Alfredo Catalani (1854-93), a heroine). Yet all the same, and melodic manner than actual videnov (fine voice, gawky slage from the drama and the decor, rodomontade than characterisation for all the attractions of the end curious not-quite feeling — not factory baritone seems as if it were alming at Moor and Andrea Costa's Iago;

Alfredo Catalani (1854-93), a heroine). Yet all the same, and melodic manner than actual videnov (fine voice, gawky slage from the drama and the decor, rodomontade than characterisation for all the attractions of the end curious not-quite feeling — not factory baritone seems as if it were alming at that the Puccinlan shadow will videnov (fine voice, gawky slage Mostart), but clumsily consistent figure in late 19th for all the attractions of the end curious not-quite feeling — not factory baritone seems as if it were alming at the first there is rather more rodomontade than characterisation for all the attractions of the end curious not-quite feeling — not factory baritone seems as if it were alming at the Puccinlan shadow will videnov (fine voice, gawky slage Mostart), but clumsily consistent figure in late 19th for all the attractions of the end curious not-quite feeling — not factory baritone seems as if it were alming at the decor.

In emacabre way the staging the decor, and prove the curious not-quite feeling — not factory baritone seems as if it were alming at the decor.

Alfredo Catalani (1854-93), a heroine). Yet all the same, and melodic manner than actual videnov (fine voice, gawky slage Mostart), but clumsily constructions of the curious constructi

About these performances I Shakespeare's play.

Ballet returns to Rosebery Avenue on December 31 after its autumn tour for a two-week season, sponsored by Sainsbury's.

the passionate drive of Yury the Desdemona Daniela Buson, Grigorovich's monumental spec- has a light, clean style and a tacles for the Bolshoy. With a gentle pathos, even in the un-tenth of Moscow's forces, a likely circumstance of being bundredth part of the Russian's brought back to life for part of conviction, NBT's production a final duet with her busband, leaks for much of the time as if Other roles offer manic beards it were being "marked," that it were being "marked," that it were being bractice where of acting, and the liveliest dancers sketch in the choreography, hint at wraiths of feeling, and save themselves for performance.

The roles oner mante bears and embarrassed arms as signs and embarrassed arms as signs and embarrassed arms as signs and embarrassed arms are signs and embarrassed arms as signs of acting, and the liveliest portrait comes from Augusto Pagamini as Cassio, who seems to have established contact, in some mysterious fashion, with

Infantrymen on exercise, from the BBC1 documentary series "Soldiers"

Sadler's Wells Royal Ballet winter season The Sadler's Wells Royal further performances of David Bintiey's Flowers of the Forest and Michael Corder's The Wond

The season opens with Les

emerged from the shadow of his most important rival, Puccini. Recently, attempts bave been made to throw new light described on this page, not long ago, a performance at Lucca (Catalani's home town) of the third opera Dejanice.
And now Wexford, continuing its worthwhile policy of venturing into the lesser-known regions of Italian opera, bas mounted e production of Cata-lani's fifth, last, and best-known

stage work, La Wolly.

Cooventional wisdom is still the correct one; Julian Bodden's excellent Wexford programme note succinctly summarises lt:

"The first performance was at La Scala; in the Theatre Royal, that pint-pot theatre, everything was rendered in inevilable close-up, and though under Albert Rosen's axperienced way Catalani did not."

The best side of the score is its open-air vivacity (lots of continue to blight its fortunes.

Experience of it has been of Catalani's passionate Wegvaluable—I'm glad to bave seen and beard tha work, and grateful that on its behalf Wexford not veristic in manner but still of its characteristically enjoy-able efforts, not ideal (particu-larly on the production side) and characters, and are never but full of life and spirit, and imaginatively east

Max Loppert

Catalani, Handel/Wexford

way Catalani did not."

The best side of the score is its open-air vivacity (lots of open-fourth folk imitations, bunling-born colours, bouncy choruses and dance rhythms winding their way through the story). The less good is what one might call the inheritance of Catalani's passionate Wegappearances on the Italian scene in the early 1970s has matured into e notable spinto soprano, with a particular lustre in low and middle registers, was kept going at full tilt almost the whole time; tha

semi-abstraction of Marie-Jeanne Wexford alternative, but their dette Greevy is now used with finish was cruda, and the topo- sublime disregard for such graphy of the stage illogical. Within these enclosing limitations, Stefan Janski's production was conventional, unfussy, and energetic. Except when Miss Ligi was singing, the Italian languaga was much mauled.

were equally unspared and title part. Alan Curtis comes unsparing; the relief provided by Sunny Joy Langton in the light-soprano travesty role (a young boy muddlingly named Waller) was considerable, and delightful. The tale calls for high Tyrolese mountains, a ravine for people to fall into, and a climactic avalanche. The semi-abstraction of Marie-Jeanne excess of irritating cuts. The warm mezzo of Berna-

niceties as accurate intonation; she moves through Ariodante's tragic emotions like a personable, decenly primed robot. Handelian vocel and theatrical values were better represented by Pamela Myers (Ginevra). Cynthia Clarey (Polinesso). and the absurdly young-looking The contrast with the third Petteri Salomaa (the King) able efforts, not ideal (particu- Illica's rather clumsy libretto and characters, and are never to but full of life and spirit, and properly pinned into place by imaginatively cast. After it, one understands Toscanini's memorable tune (even the enthusiasm (which even exwork's most famous passage, tended to the naming of his Wally's "Ebben, no andro londadughter after the Tyrolese tana," has really more of the famous the whole time; that almost the will almost the will almost the whole time; that almost the will almost the will almost the war almost the wa

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Arts Guide

Oct 25-31

Theatre

NETHERLANDS limegen, Schouwburg, Lamda Thea-tre from London with Thornton Wilder's Skin of our teeth. (Thur)

WASHINGTON The Good Person of Szechwan (Are-na): Garland Wright directs Ralph Manheim's translation of the Brecht parable in this season opener for an

tstanding repertory company. (488 3300). CHICAGO Government Inspector (Goodman): The Gogol wit directed against bu-reaucracy has enjoyed a sympathet-ic hearing in America the latest contribution being this season-opener directed by Frank Galati with Keith Reddin starring with I. M. Hobson, Ends Nov 10.(4433810).

As is (Lyceum): The first play about
AIDS makes gestures toward the
whole community the disease affects and focuses effectively on the victim and his protective lover; but this Circle Rep production also has distracting artistic touches to patch over the play's lack of development once the disease is diagnosed.

42nd Street (Majestic): An immodes celebration of the heyday of Broad-way in the 30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropri-ately bress and leggy hoofing by a large chorus line. (977 9020). Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S.

Eliot's children's poetry set to tren

dy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality.

The Music Man: another Broadway hit performed in Japanese. Hikuhin-kan Theatre, near Ginza exit of Shinbashi Station (571 1003).

Sweet Bird of Youth (Haymarket): Lauren Bacall elegantly decadent as Tennessee Williams's doomed movie Tennessee Williams's doomed movie queen. Harold Pinter's direction and Elleen Diss's evocative designs contradict the play's lopsided reputation and place the central tussic between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengetulners by the cen (020)829.

vas of small town Southern venge-fulness by the sea (9309832).

Torch Song Trilogy (Albery): Antony Shar plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly ex-posing Fierstein's tackily uneven writing. (8363878).

Gigt (Lyric): Unconvincing stace

Gigi (Lyric): Unconvincing stage revh al of Lerner and Loewe's film follow-up to My Fair Lady, Beryl Reid rising inimitably above the materi-al, Jean-Pierre Aumont and Sign Phillips lending more conventional support. John Dexter directs, Jocelyn Herbert designs. (437 3686).

The Seagull (Queens): Last chance to

catch this superb revival by Charles Sturridge to which Yanessa Red-grave and Jonathan Pryce provide the most exciting acting on the Lon-don stage. (734 1168).

Saleroom/Antony Thorncroft

Dada makes a comeback

hands will be dispersed in carries a £30,000-£45,000 fore-Sothaby's auctions tha works invention, "Fountain," a urinal amassed by the Italian ert historism and dealer Arturo on a wsll. sbould make the Schwarz who was a friend of the two most celebrated Dada artists, Man Ray and Marcet Duchamp.

Dada was a sbort-lived movement, confined by bistorians to the years between 1917 and 1924. There is disagreement about the origins of its name—is it "Yes, yes" in Rumanian; "rocking horse" in French; or the German tarm for naivety? There is more agreement that Dada was a way of life, a code of behaviour which opposed the notlons of "art for art's sake" and advocated a sense of idealism and the free spirit in an age of increasing material-

The full range of Dada art is on offer at the sale—photographs, collages, paintings, prints and a set of Duchamp's celebrated "Ready mades." An irony of the auction is that the bighest prices will probebly be paid for the 13 examples of "Ready mades" produced by Duchamp in 1984 to commemoof "Bicycle Wheel" is on offer weapons and uniforms, will rewith e £75,000-£120,000 estimain intact and in the UK

The most comprehensive mate; "Fresh widow," in effect collection of Dada art in private a miniature French window, same sum.

> There are two images of Duchamp's famous hrainstorm of the Mona Lisa, with mou stache and tiny beards—a 1913 photograph by Man Ray of the concept (estimate £6,000-£9,000), and a coloured reproduction, beightened with pencil and while gouache, which Duchamp produced in 1964 (estimate £12,000-£15,000). There are also collages by Scwitters, Malet, Berman and Citroen on offer Citroen on offer.

> With two weeks to go before its deadline the appeal by the Armonries at the Towar of London to keep the Litllecote civil war armour in the UK seems to be on course. It has raised more than £380,000 towards the £580,000 needed but some donors are believed to he waiting in the wings.

Nevertheless, Sotheby's has issued a catalogue for a sele on November 22 including the Duchamp in 1964 to commemo-rate thet 50th anniversary of II is legelly bound to do so but his original inventions. The the hope remains that the Littleoriginals are either lost or in cole armour, the finast surviving museums but his 1964 version collection of Parliamentarian BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams; Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Wednesday October 30 1985

Soviet Utopia postponed

official. The Soviet Communist Party says as much in its draft party programme, the first for 24 years, which admits the road to true communism is rockier than it earlier thought, and than it earlier thought, and capitalism not the pushover it once boped. In sum, the new programme shows the eastern superpower's ruling elite to be more realistic, and possibly therefore easier for the rest of the world to handle.

These Soviet party programmes come very roughly once a generation. They are meant to be milestones, at which the party takes stock of where it is on the road to communist perfection and gauges the distance ahead. Though weak nn argument and strong on assertion, they offer valuable insights into what the Soviet party thinks it is and where it is going.

Early forecasts

The latest programme rids the party of an embarrassing inheritance. After calling in 1903 for the overthrow of the Tsars, and in 1919 for the estab-Tsars, and in 1919 for the establishment of socialism there followed—after a long silent interlude under Stalin—the third party programme in 1961 under Khrusbchev which declared that the communist era would dawn in 20 years time. By 1980, it forecast, the Soviet economy would have overhauled the U.S. and every Soviet citizen would be living Soviet citizen would be living rent-free in his or ber own accommodation and working a six-hour day without any bard manual labour. Although the Soviet Union came to surpass the U.S. in certain crude catethe U.S. in certain crude categories such as basic steel output and possibly rockets, continued shortages in food, consumer goods and bousing
affecting the quality of Soviet
life bave made this Khrushchevian programme
risible even to most Russians.

The 1985 programme avoids giving such hostages to fortune. It makes no risky comparisons with foreign countries and sets few specific targets, apart from expressing the bope that Soviet economic output will double and labour productivity will increase by 130-150 per cent by the end of the century.

Most interestingly, it is notably cautious in stating bow far true communism, or what that goal really is. The advance to communism may be "inexorpable," but the road to it is ter.

This lowering of expectations bears the pragmatic ballmark of Mr Mikhail Gorbachev, who of Mr Mikhail Gorbachev, who though be became general secretary of the party only in March — is clearly very much in charge. Also bearing the Gorbachev stamp is the economic portion of the party programme, which calls for better planning guidance from the centre coupled with more centre conpled with more regional and factory level initiative, more pay incentives.

a better (though not marketoriented) price system, and a modern service sector (though

without private enterprise).

Nevertheless, one of the areas in which the Soviet party still seems unrealistic is in its desire to mould the new Socialist man.
The new programme says
greater efforts abould be made
to get rid of "bribery, piffering." toadyism, fawning and wind-baggery," as well as the new Gorbachevian emphasis on the campaign against drunkenness. These are ills that afflict all societies, but perhaps particu-larly a society in which there are still some chronic shortages, in which the state is the sole employer and dispenser of favours, and in which ruling politicians have no legal uppo-sition to cut them down to size.

But for the rest of the world the key assurance, if it is to be believed, is that the Soviet Union is not interested in ex-porting revolution. If this means anything—and Afghanis, Kampucheans and others may dispute it—it is that the Soviet party feels it has enough on its plate at home without undertaking new foreign adventures. The 1980s so far have seen little Soviet expansionism. One factor in this is the Soviet party's view that capitalism, by which it means the West, is "still strong and dangerous" and, though historically doomed (of course), has bought time for itself "by constantly manoeuvring to ad-just itself to the changing situa-

This may be a back-handed admission that the West has, for all its problems of unemployment and inflation, launched its economy into a new industrial era in which the Soviet Union is finding it hard to compete, and for all the divisions and arguments in Nato, tion believed to have been

Surplus coal for cheaper power

The National Coal Board claims that it could produce extra coal at a marginal cost of £32 per tonne. This is some 27 per cent less than it is now charging the Central Electricity charging the Central Electricity
Generating Board for the first
tranche of supplies negotiated
under the four-year agreement
negotiated at the end of 1983.
The CEGB says that its surplus capacity would enable it to
turn this coal into electricity at

close to its present generating costs. It could therefore pass much of the lower cost on to consumers. Large industrial users, which have complained persistently about the high cost of their electricity, say that if the price went down they would use more electricity and keep open plants which might other-

These were the makings of a deal which could benefit all the parties to lt, particularly large companies like ICI and Pilkington whose electricity costs could be brought more into line with those which bulk consumers in France and West Germany are said to enjoy. It is not surprising, therefore, that the scheme was launched in Whitehall with some enthusiasm last summer. Nor is it surprising that it is now moving into rough political waters, for it raises several uncomfortable questions. The most obvious is whether, under the camoufisge of marginal costings, it is no more than a subsidy for big process industries paid for by

In free market conditions this certainly would be the case. For the marginal price of extra supplies of British coal would be determined, not by its own costs, but by world competition. Any scheme to sell coal at below this price would pile loss

upon loss for the coal board.
The coal industry may
content that it could benefit by capturing extra customers (through the agency of the generating board) which it would otherwise have lost. This, it will be said, could secure jobs in the mines and in the large process plants of com-

THE IDEA of burning surplus coal in under-used power stations to make cheaper electricity for large industrial consumers seems, on the face of it, argument for any industrial subsidy; and the classic retort of the Thatcher government has been that there may well be better uses for the money. Yet that does not dispose of the long-standing argument that large industrial users of electricity are being treated un-fairly in comparison with their competitors on the Continent.

The evidence is mixed, but there does seem to be a consensus that special tariff deals. particularly in France, have given a significant price advantage to some of Britain's competitors. To the extent that this is proved there is a case for the CEGB to look at wayr of making its tariff structur more flexible. In general, bowever, there is no clear case that UK electricity prices are higher than in the rest of the industrial world, and little evidence of unfair subsidies. Countries like France, which do enjoy lower average

do enjoy lower average electricity prices, are reaping the benefit of cheaper nuclear and hydro-electric generation compared with coal-fixed power

compared with coal-fired power stations. But this is a structural advantage which should not be obscured by subsidies.

Probably the major unspoken argument behind this cheap power scheme is the pessimistic view that the coal board will sail to him plant to rationalise fail in its plans to rationalise the industry. In that case the taxpayer would be paying willy-nilly for excessive coal production. If it cannot be sold at market prices it might as well be used for cheap power generation

But that is an argument that the Government will find it hard to swallow: any scheme for cheap electricity must, in fairness to industry, last for at least five, and perhaps 10 years. The scheme might keep some pits open; but they would be the wost uneconomic opes which would otherwise have been closed. So for a long period the Government would be committing Itself to mining the most expensive coal and selling it at the cheapest price -not an efficient use of national resources.

THE SAUDI ECONOMY

The Kingdom feels the pinch

By Michael Field

N THE last six weeks Saudi Arabia has pulled itself back from the edge of a major economic crisis, but the Ringdom still faces an unaccus-tomed period of difficulty as it adjusts to the impact of lower oil prices and curtailed produc-

production fell to levels not seen since the early 1960s. By August it had revenue earning exports of not much more than Im barrels a day, equivalent to about 15 per cent of its exports at the beginning of this decade.

So not surprisingly, business climate in the Kingdom of the long summer bolidays came to an end was extremely pessi-mistic. The recession which had begun in mld-1983, when the effects of lower oil produc-tion began to feed through to tion began to feed through to the economy as a whole, was becoming deeper and the Government seemed unwilling to compete for higher produc-tion with the other members of the Organisation of Petroleum Exporting Countries (Opec). Foreign businessmen and the more hard-headed Saudis were beginning to talk openly of the beginning to talk openly of the Government being incapable of managing the economy.

Now conditions have

improved. In the last six weeks the Government has pushed its oll shipments to over 3m b/d and it says that it intends to increase this level a little dur-

increase this level a little during the winter.
But even if it does this it
will not be out of difficulties.
Over the financial year as a
whole it is still unlikely to
receive more than half of tha
oil revenues it seemed to anticipate when it announced a
\$560n budget in March.
The Government denies it.

The Government denies it, but the Kingdom has been running down its liquid financial reserves by \$1bn-1.5bn a month. In March these stood at \$60bn—70bn, already \$30bn below the figure of early 1983. At the same time most government construction pro-jects have been postponed or have had their implementation stretched. Contract managers can now get construction bids of 20 riyals per man hour for field labour whereas in 1982 they had to pay over 40 riyals. Rents are down by 40 per cent on 1982 levels and share prices have fallen by up to 70 per cent.

There has been a buge outflow of expetitate workers, that the recession should promostly Yemenis, Indians and due a stronger economy by Pakistanis... Egyptians and making the private sector Filipinos. In the last year it leaner and more efficient is estimated that up to a It runs its finances on what million foreigners have gone businessmen and a few of tha home, out of a foreign populamost outspoken civil servants -2.5m in 1993. The King-

Among major Saudi traders and contractors there has been a handful of bankruptcies and sevenal reschedulings. Many smaller companies have ceased to trade, some of them announcing, as they have done so, that they are unable to repay their bank loans.

This in turn has led to a little acknowledged crisis in the banking community. The tic contractors to the owners of events, beld by the dusinessmen, government manages to officials and members of the royal family. These people are dulte relaxed about the recession.

One explanation for the contractors to the owners of events, beld by the dusinessmen, government most ficials and members of the royal family. These people are dulte relaxed about the recession.

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One explanation for the contractors to the owners of approaches and the to them.

sector is composed of two wholly Saudi banks, National Commercial and Riyad, which

gages on property.

On many loans the banks will not even regain their principal because their clients are bank rupt. Or, at least, since the collapse of the Saudi real estate market, they have not had assets in the Kingdom to cover their loans, and they have no intention of Equidating the investments they hold abroad.

The banks have not yet brought themselves to face the implications of this situation.
A senior banker in Riyadh referred recently to his own and other banks' accounts as being "fictitious" because most of them were continuing

When the banks do start to make serious provisions they face at least two years of losses and then a period in which they pay no dividends while they rebuild their reserves. They all agree, bowever, that there is little chance of the

"Basically, the whole system bere has feet of clay," says a director of one of the best managed Saudi trading bouses. The lack of a proper commercial or banking law in the Kingdom, he added, posed a threat

dom's indigenous population is it does not pay. Those affected on the other hand, there is below 7m.

Among major Saudi traders tic contractors to the owners of events, beld by the mass of

between them bave 65 per cent of the market, and nine joint Saudi-foreign banks. The foreign partners include Citi-bank and the British Bank of the Middle Fast.

In Saudi Arabia, banks normally will not sue their defaulting clients because they know that if they do so the Islamic courts will deduct all interest due or already received from the amount they ere owed. The courts do not recognise mortgages on property.

Government changing the law on interest. For it to do so would be sacrilegious under

Faced with these problems during the summer the Government said nothing. Recently it has begun to admit its difficulties by the rather indirect means of allowing Saudi newspapers to report adverse foreign press comment—which it then desire or qualifies. This is redenies or qualifies. This is regarded in the Kingdom as a sign of emerging realism, but it does not mean that the Government has a long term policy for deal-ing with its reduced fortunes— except that it says frequently that the recession should pro-

businessmen and a few of tha a modern Western society, most outspoken civil servants. These people are greatly describe as a day to day basis. If it does not have the income

SAUDI ARABIAN OIL EXPORTS

Foreign businessmen and the more hard-headed Saudis were starting to talk of the government being incapable of managing the economy

the two holy cities which the King has grown to love.

What is striking in Saudi alarming in the Government's arabia is the difference one finds in people's reactions to the Kingdom's problems.

the two holy cities which the chance of a solution. These people therefore see nothing alarming in the Government's refusal to sdmit the Kingdom's difficulties—something particularly westerners.

On the one hand is what might be described as the "modern Western view" which is held by most Western and Arab expatriates and by the more cynical or most moderaminded Saudis - in fact by all those who consciously on unconciously expect of Saudi Arabia the aspirations and behaviour of

Another explanation may be that most Saudis, if they found their standards of living dramatically reduced, would care about it much less than Westerners in similar circum-This is despite the fact that many new middle class families.

with fortunes made from land given to them by princes, from contracting, trading or from minor corruption, do live ex-tremely expensively. They employ a Filipino or employ a Filipino or Pakistani cook and servant and a chauffeur for the women of the bousehold, who are not allowed to drive. The entire family may fly between Jeddah and Riyadh to see relations

every weekend. Certainly it does not seem that the recession holds a greatly increased political threat to Saudi family rule through creating a great tide of domestic

discontent. The consensus in the Kingdom is that the long-established and growing dis-satisfaction of the more intel-lectual elements of the bourgeoisie, who are themselves extremely rich, will not turn into open opposition unless Saudi Arabia suffers some external misfortune, such as being drawn into conflict with

The worst prospect the Kingdon faces in the near buture— if oil revenues were to fall again—is not a social disaster but an untidy decline, a steady unravelling of part of the modern economy which has

As it happens, it seems more likely that oil receipts will soon increase, even though the Government's policy of raising the world, may have an interest in seeing its crude priced at, say, \$16 a barrel, compared with

the present official average level of \$27, but in the shart term a fall in prices would offset much of the benefit of an increase in production.

In any event it seems like that from now on the Kingdon will be taking a tougher, more self-interested line in Open.

The reason why the King matters, has resolved to take this risk is not that the Minis this risk is not that the Ministry of Finance and Economy bas given him figures which suggest that a production increase in a glutted market is the least undesirable in a range of unattractive options. Sandi government does not operate on such technocratic lines.

What has happened is that numbers of influential princes numbers of influential princes and important businessmen bave complained to the King that conditions have become intolerably difficult. Other younger businessmen have talked to junior princes and the princes in turn have passed on what they have beard to their uncles; they prefer not to broach such delicate subjects with their fathers.

By this informal but well tested osmotic process popular feeling reaches the King. If, in response to a rise in oil

If, in response to a rise in oil revenues and government spending, the economy begins to gather pace again, it does seem likely, as the Government hopes, that part of the private sector will be much more efficient than it was in the early 1990s. The elite private companies

The elite private companies are investing in new manufacturing projects to take advantage of the enormous fall in construction and operating costs of the last two years and the disarray of their competitors. Part of the Olayan group is building several new plants to produce household products, such as snack foods, paper cups and packaged meats, which it has so far imported. At the same time E. A. Juffall & Bros is starting work on a factory to make components for desalination plants.

These companies and many foreign companies that are long established in the Kingdom argue that they are part of the Sandi economy, whether they like it or not and that they have to think of what is going to earn them their incomes in five years' time

Exactly what the Saudi economy will be like then is anyone's guess. The betting in the Kingdom leads towards an upturn in revenues next year—though there is a strong minority body of opinion which predicts an oil price war.

While higher revenues would stimulate the contracting business, which is the motor of

the private sector economy, it is assumed that whatever happens the problems of the banks, which are living with the results of spending cuts in production by giving indirect 1983-85, will continue to worsen discounts carries with it the for a year or so at least. As threat of a collapse in prices. In the long term, Saudi Arabia, is that Saudi Arabia will be no with the biggest oil reserve in more than half the size that it was at its peak and that for the foreseeable future the golden days will not return.

Sipra's novel adventure

Ash the Jonson Matthey Banke As the Johnson Matthey Bankers saga continues, few can have thought of turning to the pages of The Bookseller to learn something of the current activities of leading debtor, Mahmoud Sipra.

But it is in the book trade's journal that the pre-publication cannaign is now under way for

campaign is now under way for Sipra's first novel — Pawn to King Three.
Publishers Rainbow/Michael

Joseph are clearly intent on adding to the "storm of media interest" already generated in the author by spending some £20,000 on publicity and arrang-ing for him to tour the country. No doubt Peter Copp, the court appointed liquidator of most of Sipra's companies will be nencilling the January 13 nublication date in his diary. Having cancelled two meetings with Copp earlier this month. Spira left the UK rather sud-denly on October 12, destination

Perhaps during his national tour, he might have a moment or two to spare to discuss the or two to spare to discuss the \$70m he owes JMB and others.
Meanwhile, the Conservative Party's new deputy chairman seems unlikely to be too pleased by the publishers' description in their blurb of the Pawn's author as "the new Jeffrey Archer"—so called because of his shifting to mindle "fact with his ability to mingle " fact with fiction.

"Evercy penny I get from the book is going in trust for my children." Sipra said recently. It is not even sure whether anyone at the bank will get an invita to the "glittering launch

MMB) but another novel is on the way—on fraud in the insur-ance business, apparently.

Men and Matters

Works wonders

Norway's consumer ombudsman.
Hans Petter Lundgaard, earlier
this year summoned to his office
a number of mail order companies to discuss the allegedly
extravagant claims for soms of
the products they advertised.
One publisher sidetracked the
issue by offering Lundgaard
free apace in his next catalogue,
so that the ombudsman could
test the public's guilibility with
a fictitious advert.
Lundgaard accepted — and

a fictitious advert
Lundgaard accepted — and
dreamed up a miracle product
which be called "lurium
3000-X" ("fool'em 3000-X" in
English) which, among other
things, could cure baldness, im-

prove car engine performance and belp slimmers shed un-wanted kilos. Several bundred orders for the wonder-working figment of his imagination have already arrived at Lundgaard's office.

Quality man

And down at the Lloyd's Avenue beadquarters of JMB. Since the quality of British the rescue squad is almost certainly not comforted by the news of Spira's novel venture. Prints. But the interest stirred by Japanese competition -seems to have been quietly sustained in some sectors, at least, of British business. British institutional investors

bave just taken a 20 per cent navita to the "glittering launch at the author's prestigious stake in the Florida-based consumptions of stake in the Florida-based considerations of stake in the Flor account of Sipra's own career he wrote about his ideas the low 80s. (there is even a bank called (Quality is Free) decided him "Then oo



"You haven't confessed to anything have you?-I've already booked my 1986 bolldays"

to set up his own consultancy. Crosby, in London this week where be has opened an office to bandle the growing demand for his services from British companies, says that 10,000 managers a year now take his

Crosby, in the meantime, has written three more books and stated to illustrate his ideas on lim. The BBC has just won a U.S. award for a film about him shot on Muirfield golf course. Crosby finds a good analogy from the game for what has been bappening in much of

"Then one day they have to

compete against others on a foreign course. The newcomers insist on playing strictly by the rules—and suddenly the group of frisnd is in trouble.

"That has bene the effect of Japanese quality management,"

Blown up

Only three of the British mer-chant banks will continue to existing in traditional merchant banking form after the City deregulation—the Big Bang—

I'm quoting Databank, the corporate strategy analyst, which published a report on British Merchant Banks today. And the lucky survivors?
The analysis forecasts that only
Kleinwort Benson, Morgan
Grenfell, and S. G. Warburg,
"Will avoid the need to specialise their activities in order to

The theme of the report is that the others are short of the necessary technology and organisation needed to continue to be competitive across the

The three named survivors are thought to be capable of dominating the market after the dominating the market after the reverberations of the bang have died away because of "Their propensity to innovate and dif-ferentiate products while, at the same time, maintaining an ex-cellent institutional image and On close inspection the re-port is not painting a sad pic-ture of ex-merchant bankers walking the streets of London bare-footed because they lacked

those kills.

Rather, Databank sees a bright future for most of them in concentrating upon specialist business areas.

Unmoved

The South African troubles are spawning some wry bumour.
From Capetown I hear of the new definition of a patriot— "Someone who can't sell his

Observer

• To compete worldwide we need not only the latest technology but people who will adapt to it 🤧

DAVID ALEXANCE, GROUP CHIEF EXECUTIVE VANTONA VIYELLA PLC Here are just two reasons why Vantona Viyella chose

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1Ch Five minutes to midnight.

IT WAS a bold and imaginative idea. Ford of Europe would merge with Fiat's car business and at one stroke revolutionise the European motor industry Between them the two companies would have over 20 per cent of the European car mar-ket, well aheed of any rival, ood the potential for economies of scale, savings in investment, pooling of research and technology would be enormous.

It was olso an idea which caused consternation and dismay among the middle managers of both companies. They knew that, should the merger take place, two executives would be fighting for each posi-

The plan — the brainchild of The plan — the brainchild of Bob Lutz, chairman of Ford of Europe — was not to be. Unresolvable differences in corporate culture and legal difficulties were among the reasons the two companies decided recently to call off the mercent table. to call off the merger talks.

So where does that leave Bob atz? Some think Ford of Europe is worse off than it was o year ago. There are sugges-tions, for example, that the introduction of replacements for two important models, the Escort — Ford's best-selling car in Europe — and the Fiesta have been delayed because of the Fiat negotiations.

In 1984 Ford of Europe, once the jewel in its worldwide crown, made a marginal net profit of \$147m, down from \$281m the previous year and the peak \$1bn schieved in the organisation's heyday only five

This reversal of its fortunes in Europe eaused so much con-cern at Ford's beadquarters in Dearborn, Michigan, that last summer Mr Lutz, previously Ford of Europe chairman from 1979 to 1982, was sent scurrying back to sort out the mess.

Soon he was banding out warnings that Ford simply had to do something ebout its ex-cess eapacity — either cutting borizontally and closing some capacity, or cutting vertically and working one shift. Sierra production lines at Ford's fac-tory at Ghenk, Belgium, or even the Escort assembly facility at Halewood in Britain, appeared

to be in question. Mr Lutz says, however, that since last summer several factors have taken some pressure off the company. The Scorpio/ Granada has bad a better reception than Ford dared hope, while the problematic Sierra, which until recently had not lived up to expectations, has suddenly started to climb the sales charts in some Continental markets.

Ford bas also raised prices resist importing many more ment. The Fiat talks convinced and unit profit margins this components or even built-up them that it really was five year, gritting its teeth at the vehicles from outside Europe.

Mend to convince the profit of th need to sacrifice some market sbare. Lutz says, to his surprise, the fall in market share was less than expected — from 13 to 12 per cent. At the same time European car markets bave remained more buoyant

than Ford predicted.

According to Lutz, because of higher volumes, a "richer mix" (more higher-priced cars in the total) and continuing cost-cutting, financially Ford of Europe "is doing considerably better than last year — the results are still not satisfactory, but they are much better."

Kenneth Gooding

Some Ford insiders suggest that Lutz will not ease up the pressure until Ford of Europe once again tops \$1bn pre-tax

Lntz maintains that, in spite of the improvements, he cannot give a guarantee about plant closures. "In the final analysis we bave to be cost competitive with Jopanese imports and with the Japanese factories in Europe (such as Nissan's in the UK) which might have an even greater cost edvantage."

He points out the Japanese can produce a car for about \$1,000 less than the Europeans but, once freight and the 11 per cent European Community tariff have been paid, Ford's German plants can compete. "Because of the high value of sterling we are not quite there in Britain,

Lutz insists: "If we find we have major assembly facilities, regardless of the country involved, which for one reason or another—perhaps uneducated government action (giving longer holidays, a shorter working week) or union intransigence—cannot be competitive, we would not shy away from a

Neither would the group

Whatever happens, Lutz will continue to attack costs. Among other things, this means a gradual reduction in the workforce. Since 1979, between 2,000 and 3,000 hourly-paid workers plus 800 to 1,200 white collar traff have concerned. staff have gone every year, and this pace will contioue. "We should be able to achieve this without any forced redundan-cies," he says. How long will the process go on? "Until we are competitive with the rest of the world."

world."
Lutz, 52, is charismatic, tall. slim, grey-haired and energetic.

talks to Bob Lutz, (left), chairman of Ford of Europe. about the company's future after the breakdown of merger talks with Fiat

his motor industry career in the U.S. with General Motors, moving to its Opel subsidiary in West Germany and then switching to BMW as vice-president, sales. He joined Ford of Germany as general manager in 1976 and made fast progress through the Ford of Europe hierarchy. hierarchy.

Of his own position after the breakdown of the Fiat negotia-tions, he says: "I don't have to prove anything. I am just here to run e business. It is pretty clear what has to be done and management'o task is to get on with the job."

He admits that Ford of Europe's middle management executives could not have been with Fiat with any enthusiasm, particularly as an operationally blended Fiat-Ford would have resulted in a reduction in their

But he thinks the shock to them was one of the beneficial effects of the Fiat discussions.
"When you set about fixing a company you need to grab the attention of middle manage-

of Europe. So the talks provided the distinguished international a major catalyst for change. The middle managers want to prove they can do what is necessary on their own-there is much more intensiva thinking about how we can put our bouse in order."

Lutz maintains that the Flat talks were beneficial in other ways. "Flat got into difficulties before Ford of Enrope and started attacking some of the problems with their cost base, internal restructuring product internal restructuring, product line rationalisations, headcount reductions, sooner than we did. In the detailed look the comnies had of each other during panies had or each viller were both learned. There were things about how to do things better that we willingly shared."

Lutz says delays to Ford's Fiesta and Escort replacement programmes, bad nothing to do with the Fiat talks.

There is still the possibility that Flat and Ford might share some future joint ventures. Lutz maintains that relations between the companies have not been soured but there will be a moratorium of at least a couple of months on discussions about joint projects.

Born in Switzerland but long a far indicates Ford's policy of U.S. citizen, he is finent in cutting back to its core business several languages. He began his motor industry career in the U.S. with General Motor. —vehicle assembly. Already it has cut out foundry operations, wheel manufacture, truck axle production and seems set to give np making spark pings. Lutz says: "Our guiding principle is says: "Our guiding principle is that we are not so into current. that we are not going to support anything which is inefficient by world standards. Quietly and calmly we will do what is necessary. If there is the chance to become more efficient by buy-ing a component from an out side supplier (which after all is the Japanese approach) we will do just that."

He says his company is very proud of Ford of Europe and believes the European car industry can succeed.

"But there has to be a very executives could not have been strong realisation that the expected to receive the news underlying, fundamental probthat there might be a merger lem of lack of cost competitiveness versus the best in the world will not be solved without years of unrelenting, dedicated action and no let-up.

> "We might get intervening years of reasonable profits but until we reach that point the job won't be done. It won't be done until we get our costs down very close to Japanese ex-factory costs."

change rate is "overshooting," be has a problem. If you go on you may never see where your bullet went, but at least you can see the target. Ever since the IMF was founded, experts bave been discussing "fundamental equilibrium exchange rates" or ecocomist, John Williamson.

In this article we present calculations which do not pretend to be actual FEERs but are oumbers of a kied which most economists agree should indi-cate their trend, and which many economists also believe will actually tend to cooverge to their absolute level These numbers are "purchasing power parities" or PPPs, adjusted to exclude the effects of non-traded goods. For one commod-ity, the PPP between two currencies is the exchange which equalises the price of the 1984 . commodity in both countries. The corresponding national PPP is an average which does the same thing for the general price levels.

Every tourist knows that in different times and countries things in general seem cheap or dear. In jargon, they are experirates from PPPs. Bot in truth there seem to be only a limited number of reasons why such differences might persist. Tariffs and non-tariff barriers to trade are one example; major exportable natural resources, like oil,

Our calculations for nine leading currencies, however, show only one really strong apparent example of long-term deviation of market rate from adjusted PPP, namely that of Italy, whose market rate has been on average 25 per cent under-valued for the past decade: but we don't really believe this is a genuine case, rather that our statistical methods, based on the structure of advanced industrial countries, may go wrong when applied to o "dual conomy" such as that of Italy. How have the numbers been

How have the numbers been calculated? They are in several ways unique. In the first place, unlike other calculations relating to "real" exchange rates, they do not depend on an arbitrary base: the PPPs we use relate to international differences in absolute price levels at their indicated times. Secondly, our numbers are Secondly, our numbers are uniquely up to date: our computer programme can produce spot reports within minutes of

Statistical Office. More recently, method of correcting for this the OECD Statistics Division, blas, the results of which are led by Peter Hill, has valually called "productivity adjusted over the odds generally, 35 per entered the fray. But these purchasing power parities" or cent up on the D-Mark (if the

MARKET EXCHANGE RATE DEVIATIONS FROM PRODUCTIVITY ADJUSTED PURCHASING POWER PARITIES

SPOT CROSS RATES AT CLOSE OF MARKET: October 25 1985*

l	U.S	_	+28	+36	+34	+56	+ 5	+ 12	+21	+33	+38
	UK	-22	_	+ 6	+ 4	+21	-18	+10	– 6	+ 4	+ 8
	France	-26	- 5	_	- 1	+15	-18	+ 4	-11	– 2	+ 2
	Germany	-25	- 4	+ 1	_	+17	-22	+ 6	- 9	– 1	+ 3
	Italy	-36	-18	-13	-14	_	-33	– 9	- 22	— 15	-11
	Japan	- 5	+23	+30	+28	+49	-	+35	+16	+27	+32
ì	Belgium	-29	- 9	- 4	- 5	+10	-26	-	-14	- 6	~ 2
	Denmark	-18	+ 6	+12	+ 10	+29	-14	+17	_	+10	+14
•	Netherlands	-25	- 4	+ 2	+ 1	+17	-21	+ 6	– 9	_	+ 4
	EMS	-28	- 7	– 2	- 3	+13	-24	+ 2	-12	- 4	
	NATIONAL AV	ERAGE	2S†								
	Trade weighted										
•	Spot										
	(date above)	+25	- 7	- 9	– 9	-23	+ 9	-11	- 0	- 6	
			40	45	-	81	4 4	-17	- 8	— 5	

+ = % overvaluation of row currency against column currency, - = corresponding under-

-14

-26

+25

valuation. † + = % overvaluation of column currency against others.

+ 2

- 3

New light on the trend of real exchange rates

By Robin Marris and Steven Martin

works can only be published with lags of at least several years.

1975-84

(date above) +33

1984 +41

We have made studies of the relationships between the movements of national retail price indices and general price trends, which enable us to build ecturate current PPPs on the statistical foundations already established. Finally, we have dealt with the problem that the basic research workers. being primarily concerned to use PPPs for international comparisons of real income, use numbers which include all goods, traded and non-traded. But for the reasons already given, we want numbers with non-traded goods excluded. In apot reports within minutes of non-traded goods excluded. In receiving the current market practice these goods are mostly rates. The calculation of labour-intensive services, and national PPPs takes years: the master researchers are Professor Irving Kravis and colleagues at the University of wage level, which is in turn Pennsylvania and Dr Hugo correlated with its productivity Krinsje-Locks of the EEC level. We have developed a new Statistical Office. More recently, method of correcting for this the OECD Statistics Division, blas, the results of which are

The table gives the deviations dollar came down to worldof 36 current market cross-rates wide parity, the \$/DM rate from the corresponding would be 2.8, against current PAPPPs together with national averages. As well as the trade weighted average, we also give the median, that is the number that divides the array of data in balf. This is a useful statistic vidual countries' averages of extreme devictions of highly weighted currencies for example, because of the current extreme position of the dollar extreme position of the dollar, the pound's trade-weighted average ahows slight undervalu-ation. Using the median, we

the yen? Over 1975-84 the dollar was "well-behaved"—close to ever-

about the bot questions, like where will the dollar end up? At what rate should the UK enter the EMS? Where should

opot 3.78!), 40 per cent up on the whole EMS, but only slightly up on the yen: the latter currency, baving been only slightly above parity during the great

+11

belp exports), we need to go down maybe 15 per cent on the median average, maybe 20 per cent against the E.M.S. The current sterling EMS rate (£ get the opposite conclusion. current sterling EMS rate (£ What does the table tell us per 100 Ecu) is around 60. It probably ought to be nearer 70. The £/DM rate is currently about DM 2.65 to the pound: this probably ought to be about the pound go generally? What, 2.3.
if anything, should bappen to

If the pound also fell as sug-

gested, the £/\$ rate would be around \$1.60. If the pound failed to decline, we could be talking of \$1.75!

Robin Merris is Professor of Economics at Birkbeck College, London
University: Staphen Martin is Economist at the Woolwich Building Society.

International debts

From Professor R. Thorn.

Sir.—Any permanent solution to the international debt crisis must meet three criteria: repay ment terms must be related to the debtors ability to repay (it must be a function of the current eccount surplus of the balance of payment or some closely related magnitude); it must be recognised that the absolute indebtedness of the debtors will bave to increase if their economies are not to be disrupted with unpredict-able, political consequences; and liquidity and regulatory problems of the commercial bank creditors must be resolved. Illiquid foreign loans of many large international banks exceed their capital, a potentially dangerous situation.

dangerous situation.

To meet the first criteria, the total debt service, interest plus amortisation of principal, should not exceed o specific maximum, eg. 80 per cent, of a debtor country's exports. If this sum is not sufficient to cover the interest service, the shortfall would be added to the principal constanting.

Attempts to set fixed repayment standards based on economic forecasts, which may, or may not, be realised, only serve to create future problems and conflict between debtor and creditor. The linkage proposed simply recognises the reality simply recognises the reality of the situation. While it might of the situation. While it might be felt this weakens a country's incentiva to meet its commit-ments, these incentives, et present, are better built into the conditionality of IMF credits to the debtor.

 $\gamma_{ij} \in \mathcal{U}^{2k}$

e latts

To enoble, and, if necessary, compel, banks to allow some growth in gross indebtedness to permit the debtor countries to pursue their normal economic development and, at the same time, not to aggravete the illiquidity of tha banks, that part of the debtor country's indebtedness could be funded through issuing consols (bonds without maturity which pay interest in perpetuity). For each additional increase in net credit that a creditor bank grants to a debtor country, it will be allowed to convert three times the sum of outstanding principal into a consol. This consol to bear the joint and several guarantees of the debtor, creditor and the IMF.

A limit on the total amount of new indebtedness could be linked to the growth in gross development and, at the same time, not to aggravate the illiquidity of the banks, that part of the debtor country's indebtedness could be funded

of new indebtedness could be linked to the growth in gross national product or the growth in exports. This conversion into consols would result in several benfits. It would lower the interest burden of the debtor since the consols would sell at an interest rate close to that of World Bank Bonds. This would partially reduce the burden of principal repayments making it easier to service the left to the banks. By all normal leone has vast tracts of arable, sell at an interest rate close

Letters to the Editor

moy prove sufficiently ottrac-tive that banks would volun-tarily increase their credit within the limits prescribed. At some future time, a programme for the eventual retirement of consols would be devised.

There are, of course, many details that require treatment that cannot be dealt with bere. The merit claimed for the above programme is that it is practical. Any programme that does not satisfy the three criteria will be short-lived at best. It is desirable that a more consistent and equitable treatment of debtor countries re-place the current ad hocery and a longer-term solution sought.

(Professor) Richard S. Thorn. Economic Policy Institute, University of Pittsburgh, Pittsburgh, PA 15260, USA.

Bank backing for Mr Baker From the Managing Director. IBCA Banking Analysis

Sir,-Your leader of October Sir,—Your leader of October 28 is bewildering. You argua that the Baker plan is generous although quite why it is generous for a government official to declare that banks should lend another \$20bn to a

require heavier provisions from the conservative banks who had that enough was decided enough. The crisis is serious and the Baker plan is important. But its importance is surely that, at last, the U.S. administration is

remainder of the debt and it prudent measures the major would make the creditor banks in the world have lent more liquid. Consols, given their guarantees, should find a ready market. This alternative that future lending, if it is countries. This would indicate that future lending, if it is necessary, should be initiated by Governments rather than banks. Politicians have been inconsistent in the substance of their attacks upon the world's bankers, who at one moment have been castigated for their past imprudent lending and at the next cajoled to make more loans to these very same borrowers. More attention should now be paid to schieving

> Robin Monro-Davies. 2 Eldon Street, EC2.

Sierra Leone's hopes

From the Secretary-General, Sierra Leone Alliance Movemen

a solution in the interest of everyone even if this does not result in the chastisement of

Sir,—Peter Blackburn got it right in "Sierra Leone pins its bopes on diamonds" (October 24) when be wrote quoting bankers and traders according to whom the marketing methods of the state-controlled Precious Minerals Marketing Company (PMMC) "remain a mystery" and that "no foreign exchange bas been surrendered for several months."

This will come as no surprise to us Sierra Leoneans who have seen many state-controlled instiseen many state-controlled insti-tutions come and go with little or no occountability. The irony is that despite the convulsive economic desperations of recent years, Sierra Leone is now going to "pin its hopes" on yet another transparent and seem-ingly "unaccountable" body for its future development. for its future development, as a source of urgently needed foreign exchange.

The tragedy, alas, is that the generation of foreign exchange is pursued purely in order to satisfy the selfish and ontlandish demands of a minority urban economic development. The vast majority of the population the rural poor-are at best

As famine and the encroaching desert continue to devastate or threoten areas of our region,

fertile lands which, under proper management, would generate most, if not all, of the foreign exchange needed for development. The new avowed reliance on mining—a wasting asset, which might even lead to assimilation (bence the destruction) of these lands, will only spell doom for this and future generations of Sierra Leoneans.

Ambrose Ganda. 20c Jeffrey's Place, NW1.

A leap in the dark

From the Earl of Buchan Sir,—I don't know if it is you or if it is me bot as you printed the article (October 26) and didn't notice and I read it and did, I don't see why I shouldn't have a go at you!

How did you manage to survey the City, pre-leap and post-leau, without ever mentioning leap, without ever mentioning the single most important factor that kept the Stock Market "aloof," "parochial" and "with a declining share of international business?" I refer to the existence of a stultiying to the existence of a stultifying and efficiently policed exchange control system run by the Bank of England, that same organisation incidentally which produced the executive director, (a former Treasury official) who then became so amious to promote o sponsorship role for the bank in religion to the financial

bank in relation to the financial services sector? I lived and worked for many years with the dollar premium. I could quote you umpteen speeches and articles suggesting to the Government that it gets rid of it because of the damage it did. By the time it was done away with, the Euro-Dollar nag had bolted. Buchan.

31-45 Gresham Street, EC2

Middlesbrough is informed

From Mr C. Wheat Sir,—Colin Amery (October 28) states that a man from Middlesbrough would not have the faintest idea what was going on if he went into a Jencks designed house. He then goes on to say that in fact it is not complicated.

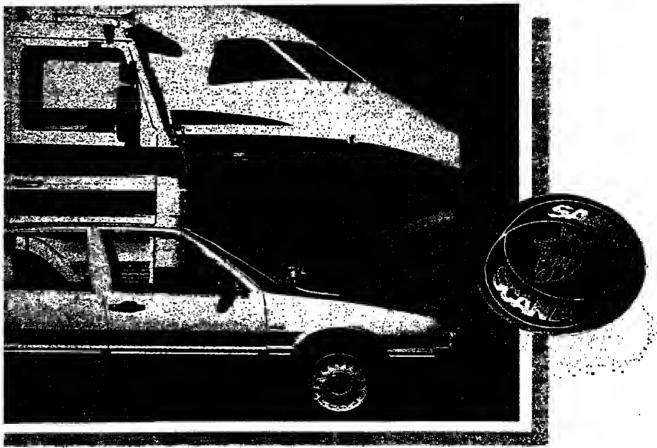
We in Middlesbrough are familiar with symbolic obsessive-ness and post-modernism and it is a gross insult to architects and residents of Middlesbrough to utter such rubbish.

It is bad enough that there is an economic division between the north and south but to infer that there is an intellectual diviston also leaves me disgusted. am surprised at Colin Amery and et the FT for the lack of judgment in allowing this state-ment to be printed. Cyril Wheat,

2. Tasmania Sauare.

 Sales SEK 20 billions, +24% Income SEK 1.6 billions, +12%

Profitability 22.5% Income per share for the period SEK 33.30



Extract from Interim Report January - August 1985.

Sales and Earnings: Consolidated sales during the first eight months amounted to SEK 19,971 m. (16,168), an increase of 24 percent compared with the corresponding period last year. Sales outside Swaden increased by 24 percent to SEK 12,538 m. (10,087), corresponding to 63 percent of total sales. Exports from Sweden increased by 22 percent to SEK 8,236 m. (6,733).

Order bookings amounted to SEK 20,760 m. (16,300). The increase referred principally to Saab cars and an order for 24 used Saab 35 Draken military aircraft to Austria. The order backlog amounted, at the end of the period, to SEK 19,750 m.

Consolidated income before extraordinary income and expenses improved by 12 percent to SEK 1,610 m. (1,443), corresponding to 8.1 percent (8.9) of total sales. Income per share (after 50 percent income tax) for the period amounted to SEK 33,30 (30,25).

Pre-tax return on total assets for the last 12 months period amounted to 15.8 percent (16.1), Calculated on total assets, noninterest bearing liabilities excluded, the pre-tax return amounted to 22.5 percent (22.9).

Capital Expenditures: Capital expenditures for property, plant and equipment amounted to SEK 1,098 m. (1,068). Capital expenditures in the Scania and Saab Car Divisions amounted to SEK 902 m. (925). Forecast: The forecast made earlier is valid. The Saab-Scania Group is expected

to reach an income for 1985 at least at the same level as the earnings of 1984.

The annual report bulletine for 1985 will be issued on February 27, 1986.

For further Information, write to Seab-Scania AS, Corporate Communications and Public Atlairs, \$-58188 Uniciping, Sweden.

FINANCIAL TIMES

Wednesday October 30 1985



PARTY CHIEFS MEET IN BID TO RECONCILE DIFFERENCES

Italian crisis closer to solution

SIG BETTINO CRAXI, the Italian night meeting his erstwhile coalitioa partners in a move which could produce a swift and painless end to the country's political crisis.

If the parties can reach agreement on a document to reconcile their differences, Sig Craxi will re-turn to President Francesco Cossiga today to tell him that the Gov-ernment's internal divisions have

The head of state would then formally reject the Government's resignation - which he accepted only provisionally in the first place and the Government would then go before parliament, present its docu-ment and ask for a vote of confi-

Channel

£4.2bn

backing

By Andrew Taylor in London

THIRTY-ONE international banks

have made provisional commit-

meats to provide up to £4.2bn (\$6bn) in development loans to Channel Tunnel Group, one of four

groups bidding to build a fixed link

British and French banks, includ-

msortium, National Westminster,

ing five founder shareholders of the

Midland, Banque Nationale de Pa-

ris, Credit Lyonnais and Banque In-dosuez, are pledged to provide up to

made a provisional commitment,

but the consortium expects this to

increase if its plans are approved. An Arab bank as well as banks

from Belgium, Italy, the Nether-lands, Switzerland and Norway also

Channel Tunnel Group yesterday

announced that the British arm of

Mobil, the international oil group, bad joined the list of founding

shareholders. These have pledged

to provide up to £50m of equity to

support the scheme.

are put in place.

tionally in several stages.

Only one U.S. bank has so far

£1.33bo on the same terms.

etween Britain and France.

group wins

fore parliament is rarely used. It has emerged in the last few days, however, as the most likely solution to the crisis as it became clear thet any other outcome would be very

difficult and consuming to achieve. Sig Craxi resigned on October 17 after the small Republican Party pulled out of the coalition in protest against the Government's decision to allow Abu Abbas, the Palestinian leader, to leave Italy. Abu Abbas came to Italy aboard the Egyptair airliner intercepted by jets of the U.S. Navy in the aftermath of the hijacking of the cruise ship Achille Lauro, The U.S., Israel and others

ing over its solution.

From the moment he was asked last week by Sig Cossiga to form a new government, Sig Craxi made it clear that he intended to do so on his own terms. He indicated that he did not intend to make concessions to Sig Giovanni Spadolini, Defence Minister and leader of the Republican Party, over his Middle East policy, which the Republicans say is too favourable to the Palestine Liberatioa Organisation.

Sig Craxi was said to be thinking in terms of forming a four-party government comprising Christian Democrats, his own Socialists, the

dence, which it would expect to win.

The device of a president sending a government that has resigned being over its solution.

allege that Abu Abbas organised but excluding the Republicans. This would be an unstable affair, however, with a small parliamentary majority and could lead to an early

general election in the spring.
With an urgent need for parliament to approve the 1986 budget
and finance Bill by the end of the year, Sig Cossiga asked Sig Craxi at the weekend to try to solve the cri-sis as soon as possible. On Monday Sig Spadolini told Sig Craxi that he was prepared to try to reach a compromise in the document that lead-ers of the five parties were trying to hammer out last night.

Everything therefore depends on whether the five parties can agree on a form of words that will bridge

Trusts rule may aid opening of other EEC finance industries

BY QUENTIN PEEL IN BRUSSELS

mutual funds, designed to allow them to be marketed freely throughout the EEC, should provide a big impetus for opening up other financial service industries, officials in Brussels believe.

The common regulations for unit trust-type operations were approved by EEC Finance Ministers on Monday, subject to a Danish reservation on one point of clarification. The decision amounts to the first specific move to liberalise capital movements in the Community

Thirteen Japanese banks have said they will provide up to £1.64bn to Channel Tunnel Group which is proposing a twin-bore rail tunnel. Three West German banks bave for about 23 years.

The key point of principle in the regulations, which can be applied in pledged to provide up to £400m. future to other fields such as insur-The offers are conditional upon ance, is that member states are the Angio-French consortium rais-ing Elba in equity and satisfying the terms of a preliminary informarecognising "home country supervision of such funds as adequate to country's capital market.

The regulation on Ucits would tion memorandum issued to poten-

In addition, the new directive tive investment in transferable securities (Ucits), sets out minimum

al laws. Member states have until October 1989 to comply although some, such as the UK, will undoubtedly do so sooner.

The agreement will allow Ucits to

be marketed throughout the Community, although a special delay will be allowed for Greece because of its relatively small capital mar-ket. France, Italy and Ireland also have cootinuing exchange cootrols which will still apply to the capital movements involved - although officials hope there may be some fur-ther relaxation before 1989.

The Danish problem is how to allow some mutual funds to invest a higher proportion of their portfolios in mortgage bonds, which account for a particularly large part of that

Cash-rich American Express to

AMERICAN EXPRESS, the New which recently reported a 22 per shares, which will be bought back

York-based financial services cent increase in nine-month net in the open market, would be main-

earnings to \$537m, is flush with

Warner Communications for \$450m.

The share buy-back is generally seen on Wall Street as an indication

by American Express that it in-

tends to plough the proceeds of the

asset sales back into its basic finan-

cial services businesses, rather

normally restrict funds to investing governing undertakings for collec-, a maximum of 5 per cent of their portfolios in any one company, with a minimum of 90 per cent invested requirements for unit trust and in quoted securities. There are limitiative fund portfolios, which oow tations on how much they can inexpected until the middle of 1986. in quoted securities. There are limi-

repurchase 4.5% of equity

tion spree.

NEW rules for unit trusts and other have to be incorporated into nation- vest in other unit trusts, but there is a relaxation for UK operations to allow them to borrow for the first

> For West Germany, the directive will allow gilts funds to be market-ed for the first time, with portfolios invested 100 per cent in govern-

West German acceptance of the principle of supervision by other member states is regarded in Brus-sels as an important breakthrough. In the insurance sector in particular Bonn has resisted attempts to draft similar regulations.

"The argument over adequate protection of investors holds at least as good for somebody paying a life insurance premium as for an investor in unit trusts," one official

However, action to open up the insurance market is still delayed pending the outcome of a series of cases in the European Court, the hearings for which are being held this week. A final conclusion is not terday, despite the issue's compli-

ly used to fund employee benefits dividend reinvestment plans and

ing warrants. American Express has about 225m shares outstanding.

together with 3,2m warrants entit-

ling holders to buy two common

shares for each warrant at \$27.50 s

share.

American Express said that about 50 per cent of the \$100m addition to Shearson Lehman Brothers

business activities of Shearson Leh-

Safeway launches new form of bonds in Britain

SAFEWAY STORES, the U.S. supermarket group, launched a new line of bonds in the British market vesterday with an offer of £100m in deep discount stepped-interest

The borrowing through its Brit-ish subsidiary, Safeway UK Hold-ings, is intended to finance expansion in Britain where Safeway has 121 outlets and intends to open a further 12 stores in the next year. The issue will give Safeway cash

proceeds of about £40m.

Led by Baring Brothers, the issue carries several innovative features intended to provide an alternative to the sale and leaseback system the company has been using up to now to finance its supermarket

starts at 3 per cent and rises at regular five-year intervals to end at 8.25 per cent for the final period. The paper itself will be sold at a deep discount of between 38 and 42 per cent of its nominal value with firm pricing due to be set today.

Baring Brothers said yesterday this was the first such bond to be of fered to British investors. It carries a yield premium of 0.9 percentage points over the equivalent British government security, lower than for any other private-sector borrower in this market.

The rationale behind the unusua structure of the bonds is to provide Safeway with a cash-flow on its bor-rowing similar to that in a lease-back arrangement, where outgo-ings in the form of rent rise as time goes by. The bond will, however, provide Safeway with an added tax advantage as well as the benefits of

oroperty ownership.
Initial reception from investors cated structure. Investors, too, can reap tax advantages from the deep discount and rising coupon struc-ture because they can defer taxa-tion oo discounted portions of the bond ontil it matures.

The deep discount stepped coupon structure was likely to make the bond unusually volatile in secondary market trading, bankers

See Lex; Bonds, Page 17

E. F. Hutton to review internal audit controls

By Terry Dodsworth in New York E. F. HUTTON, the Wall Street secu rities firm at the centre of a scandal over its cheque overdrafting prac-tices, agreed yesterday to appoint a consultant to review its internal audit controls as part of the settle ment of an investigation by the Sec-

ment of an investigation by the sec-urities and Exchange Commission. At the same time, the group con-sented to a permanent injunction entered in a U.S. district court against technical violations of the 1934 Securities Act. In the court action, the company was enjoined from failing to maintain adequate internal controls and failing to com-ply with regulations governing dis-

In a separate development, the SEC, which acts as a watchdog for the U.S. securities industry, announced a settlement of proceed ings against Hutton over alleged de-ficiencies in various mutual funds. The SEC claimed that Hutton failed to comply with procedures stated in its mutual fund prospectuses and that it had failed to compute accu-

rately the net asset value of shares in several funds during a period from May to August of this year.

Although Hutton has not admitted the allegations, it has agreed to refund \$1m to mutual fund customs agreed to refund \$1m to mutual fund customs. ers as part of the settlement while accepting a prohibition against opening new brokerage offices until a consultant has completed a review of its investment company ac-

The deal struck with the SEC follows five months of controversy over the actions taken by the authorities against Hutton's cheque clearing practices. In May, the group pleaded guilty to charges of mail and wire fraud brought by the lustice Descriptors training all inches Justice Department, which claimed that some Hutton branch offices systematically gained the use of interest-iree money from the banks by manipulating the cheque clearing system. As part of the guilty plea, Hutton

agreed to a \$2m criminal fine and \$750,000 in costs while making a 58m provision for banks that might have been injured by the practice. None of its executives was charged, causing a political row over alleged leniency to white-collar criminals in the Justice Department, which had promised to crack

THE LEX COLUMN Higher marks

for sparks

If the London market was look-ing for reassurance from Marks & Spencer, after some uncertain pastainly got what it wanted yesterday. Pre-tax profits more than a fifth higher, at £137.7m in the half-year ingner, at £131.4m in the nan-year to September, were good enough to put 10 per cent on Marks' share price and lead the whole equity market into new ground. Both Marks and the market seem to be

in good form.

It is probably fair to say that the City of London had already got over City of London had already got over most of its doubts over the new management strategy being put in place at the company's Baker Street headquarters in London. Marks' share price has been on a firmer trend for the past few months, reflecting a sense that the looming threat of stagnation has now been headed off. Merchandise problems have been sorted out, to problems have been sorted out, to judge by a 14 per cent rise in UK clothing volume. And the longer-term implications of a much higher expenditure on store development, together with the growing charge-card operation, have been accepted as very positive; Marks is doing things which say clearly enough that it can lift its underlying growth of earnings substantially over the aext few years, a proposition which would have found far fewer City

bakers this time last year. How to finance the higher rate of earnings growth has been one of the more lingering questions around the share price. The growth in charge-card debtors is probably a

red herring; Marks has set out with the intention of matching a good-quality short-term asset with an equivalent short-term liability to some evidently willing banks. But the store spending programme is bound to absorb cash as soon as it gets properly into its stride.
The one real joker in yesterday's

figures was an increase in interest received over six months when most people were expecting the cash outflow to have begun. That is Safeway's bond one surprise that Marks seems unlikely to repeat for years to come.

Electric deals

anticipate the collapse of the elec-investor gain at the expense of the dently has some catching up to do. tric and electronic sectors has been taxman. one of the great mysteries of 1985. Yesterday, Baring Brothers stitutions and the banks something But it now seems that the explana- launched a bond for Safeway UK. as close to a commitment as can be one of the great mysteries of 1985. tion was very simple; analysts were The £40m that investors put up now expected at this stage. It is also well

the only reliable guide to the sectors' performance - share dealings

The electronics research team at Robert Fleming has recently completed a survey of all dealings by directors in 31 representative companies during the three years to September 1985. That directors should until one side – presumably the interest companity – has had have been net sellers throughout the period is not entirely surprising. enough.

The list includes USM companies. in which owner-directors are natural sellers, and the statistics must also be distorted by the sale of exercised options.

Plotted quarter by quarter, however, there does appear to be some correlation between the performance of the indices and boardroom selling. Sales have recently come into balance with purchases which Fleming suggests should be taken as a bullish signal. Unfortunately, there is not much evidence that the ratio is reliable as a leading indicator. If anything, directors is slightly preferred to the Europe the stock market the stock mark trend. So either directors of electrunics companies are unusually housest or they learn about develop-ments in their industry even after the stock market. Neither of these explanations, it must be admitted, sounds entirely convincing.

Rarely do both parties to a financial deal win tax breaks. But the Inland Revenue's munificent treat-Electric deals

ment of deep discount corporate bonds has opened up a new market in which both the borrower and the tails of its plans today, but it evi-

studying the wrong data. Instead of wasting valuable time on such complicated and unpredictable variables as profits and dividends, they

and paid on a traditional sale and leaseback; that is, it will be paid a leaseback; that is, it will be paid a lump sum initially, and its interest payments will rise steadily throughout the life of the bond as rents would under a rent review. But Safeway has the advantage of knowing in advance what its rent payments will be and of setting off a higher payment against tax because part of the principal is tax-deductible each year as well as the interest. And like other low-coupon stocks, investors do not have to pay stocks, investors do not have to pay income tax payments on the rise in the value of the bond until it is sold

Quite apart from the tax breaks, the bond provides a good fit be-tween the payment profile and the anticipated growth in revenues from Safeway's shops. And inves-tors have the gearing implicit in until one side - presumably the investment community - has had

Fixed links

By tomorrow evening the govern-ments of Britain and France will be in receipt of enough submissions to build a paper link between Calais and Dover. The documentation being presented by each of the fixedbut, in City of London eyes at least, the field has already narrowed to two. There is not much doubt that,

CIG's most obvious advantage is that it is duller and cheaper than its rival Institutions applaud technical and financial innovation only so long as there are not too many noughts at the end of the cheques. Euroroute has also failed to convince potential participants that the high costs will be mirrored in proportionately higher revenues. To judge from the documents circulat-ed by the two camps, there is not much to choose between the two schemes in revenue terms during

CTG has extracted from both the in should have been concentrating on outflows as it would have received ment in both London and Paris.

ment banking subsidiary. The group said it would fund the two moves using part of the \$618m gross proceeds from the sale of a cover the cost of preparatory work while the accessary legislation and treaty between the two countries Financial institutions in London majority stake in its Fireman's have said they would be prepared Fund insurance unit through an initial public offering Based on American Express's in principle to underwrite the £1bn equity issue in full. The plan, bowever, is to sell the shares internacurrent share price, the share buyback alone could cost about \$400m.

BY PAUL TAYLOR IN NEW YORK

group, plans to buy back up to 10m, or 4.5 per cent, of its common stock

and add \$100m to the capital of its

Shearson Lehman Brothers invest-

four schemes to announce details of its submissioa which must be lodged with both governments by

Talks wanted on Baker plan

Channel Tunnel is the first of the

Continued from Page 1

about accelerated disbursement of its loans and prospects for its guar-antees and over the conditions attached to its lending. The banks themselves also needed to resolve issues about the

regional breakdown of their new ending As for ultimate decisions on new

lending, he stressed that "the institute is not a place for the banks to give their answer... it is essen-tially an individual decision of each bank. The institute, however, is to form a series of working groups to discuss the issues and will, for example, on November 20 be holding discussions with the Paris Club lems associated with government debts to developing countries.

London SE aims to avert split market

But the financial services group,

Continued from Page 1

But the exchange is keen to de

and certain other debt instruments and some overseas exchanges.

velop a joint arrangement with the proposed International Securities Regulatory Organisation in an ef-fort to keep securities trading in London as centralised as possible. So the possibility of the creation of another recognised exchange is un-der consideration which would allow the participation of both ex-change members and those of the International Securities Regulatory

Groups such as Merrill Lynch of the U.S. and Nomura Securities. Ja pan's largest securities company, are backing the move for the crea tion of a new body to regulate the international securities dealers.

UK fails to win pledge on Star Wars share

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN BRUSSELS

cash after the Fureman's Fund dividend reinvestment plans and stake sale and its pending sale of its 50 per cent interest in Warner/ Amex Cable Communications to has about 225m shares outstanding.

than embark upon another acquisi- would be used "to further build the

American Express said the man in the UK and Japan."

tailed to persuade Mr Caspar Weinberger, the U.S. Secretary for Defence, that Britain should be guaranteed a share in the controversial U.S. Star Wars research

British officials said, after an bour-long meeting held at the con-clusion of yesterday's session of the Nuclear Planning Group in Brus-sels, that the two ministers had failed to make headway on two critical areas which have so far held up agreement on British participa-tion in the \$25bn Strategic Defence

A joint working group of officials from the governments has been mandated to attempt to bridge the

share in the programme for British companies, research institutions and universities.

Britain also wants to avoid the

adamant that it cannot guarantee

MR MICHAEL HESELITINE, the morning when the two ministers

time last July with the approval of Mrs Margaret Thatcher, the Prime Minister - for a guaranteed \$1.5bn

application of the panoply of U.S. rules on the transfer of sensitive technology, which would be in-volved in any U.S. contracts awarded London argues that Brit-ish procedures are stringent The U.S. Administration appears

Britain a specific monetary share in the programme. U.S. spells out Soviet violations,

Tin talks continue

payment from fellow traders except in bankers' drafts or certified ing of the tin price which would cheques.

J. H. Rayner (Mincing Lane), a ing some 1,500 people. Mr David trader owned by S & W Beristord, Harris, Conservative MP for St has called a meeting of the 14 ITC lives, and Mr David Penhaligon, Creditors for tomorrow. Mr Harry Liberal MP for Truto, yesterday Wileston at livestee with the state of the state of the liberal MP for Truto, yesterday with the state of the liberal MP for Truto.

placed in an awkward position by vices Adminstration stockpile. the crisis. As an ITC consumer These were, in any case, very small. Bankers were also watching developments in the tin market closecouncil collanse. On the other hand, ly yesterday.

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World Weather

member and host to the emergency meeting it does not want to see the

differences on the two issues and to produce an interim report by this

Continued from Page 1

Wiltshire, a director, said it made met Mr Paul Channon, the Trade sense for firms facing the same Minister, to press the Government problems to talk them over together. J. H. Rayner had a relatively The U.S. is not an ITC member er. J. H. Rayner had a relatively

small exposure to the ITC, be said. but its Government has suspended.

The UK Government has been sales of tin from the General Ser-

SECTION III

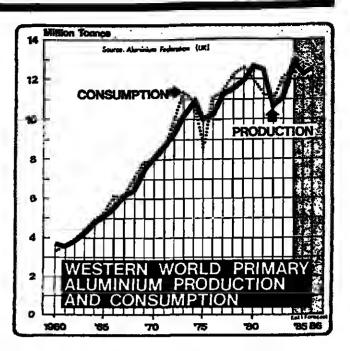
FINANCIAL TIMES SURVEY



ALUMINUM

Producers and fabricators continue to suffer from the cripplingly low market price for aluminium. So far, the markets remain unimpressed by efforts to bring supply back into line with demand by reducing output and so more smelter shutdowns can be expected.

Unrest at the milestone



BY IAN RODGER

THE WORLD aluminium industry is preparing to celebrate a significant milestone next year, the 100th anniversary of the development of the Hall-Heroult electrolysis process which made possible the economical high volume production of this light, versatile metal. versatile metal.

But the industry approaches this milestone in a state of con-alderable unrest, as major structural changes, aet in motion in the 1970s, continue to work their way through.

lared links

The key problem for the aluminium industry in the past few years has been the slowdown in consumption growth rates, from the glorious 7 per cent annual incresses of the 1960s and early 1970a to some-thing more like 2 to 3 per cent on average. That in itself might have been manageable if other factors affecting the industry had remained fairly stable.

But the industry has also had to cope with the sharply rising price of electricity, one of its main production inputs, and with volalile exchange rates.

Aluminium is one of the most international of hasic manufacturing industries. A few large, integrated companies operale bauxite mines, alumina refin-eries, aluminium smelters and eries, aluminium smelters and have been tempted to move to fabricating plants in many other materials.

number of independent producers, but wherever they are, international trade in both raw materials and output tend

to be importent.

The large movements in energy costs and exchange rates have caused havoc in the relative competitive atrengths of various producers and countries. For example, the Japa-nese have virtually abandoned aluminium smelting in the past four years, cutting annual output from more than 1m tonnes a year to less than 300,000

Four years ago, a large, modern smelter at Invergordon in Scotland had to close because the high value of sterling and high electricity costs made it uncompetitive. Today, with sterling at a much lower with sterling at a much lower level, another modern Scottish smelter at Fort William is one of the most competitive in the

More competition

As if these problems were not enough, the industry has also had to cope with increasing competition from competitive materials, such as plastics, in some of its traditional markets, it is hardly surprising that customers who have seen the npheavals in the aluminium industry and the increasing volatility of aluminium prices have been tempted to move to its world's largest integraled producer, told financial analysts in Montreal eriter this view, demand for aluminium would grow at only 2 to 3 per cent for the foreseeable future. That meant the company, which earlier this year made major cuthacks in its head-quarters staff, would have to diversify into high technology industries and concentrate on

market, for example, and has failed to penetrate the auto-motive industry as quickly as producers boped in the 1970s.

The big integrated aluminium producers, who once dictated the health of the industry, are the principal victims of the up-

On the other hand, their fabrication operations have diffi-culty obtaining reasonable prices, because customers expect to pay rates that are related to those quoted on the terminal markets, such as the London Metal Exchange, for pri-

mary metal. Exchange, for primary metal.

The return on equity of Aluminum Co of America, the largest U.S. producer, has not exceeded 10 per cent since 1980, and the company has just reported slightly lower third quarter net earnings of \$57.1m and forecast little improvement for the rest of the year.

of Alcan Aluminium of Canada, the world's largest integraled producer, told financial

industries and concentrate on

Other inlegrated producers had already embarked on similar strategies. Alcoa for example, has been diversifying into sophisticated automotive components and computer disc manufacture. Alusuisse of Switzerland has also gone into automotive components and

chemicals.
These and other companies are also making major efforts to solve the problems that have to solve the problems that have been hurting aluminium's competitive position in some markets. To some extent, the industry has been the victim of its own complacency, satisfied with its existing markets—packaging, aerospace and engineering—and confident they would keep on growing.

Now, most sectors of the industry are embarking on major promotion campaigns, aimed at educating engineers and engineering students on the merits of the metal.

However, the industry's higgest marketing problem is the volatility of the aluminium price. Whether the customer is a maker of beer cans or of flexible packaging, he does not like using a raw material whose price can gyrale wildly over a short period of time.

Aluminium prices slumped to earlier, a major investment protonnes this year, nearly 5 per under \$1,000 a tonne in late gramme in new, antomated protect than last year, white 1982, but then soared to more duction lines has brought with consumption should rise margination. It a 30 per cent improvement in ally, perhaps by 1 per cent. 1982, but then soared to more than \$1,600 a tonne a year later. They dropped again to about \$1,000 a tonne in 1984 and have stayed roughly in the \$1,000-\$1,100 range ever since.

Some people argue that the price has been reasonably stable in the past two years, and that this is an indication that the the current stability is at a level at which few, if any, producers can make a aatisfactory return on their primary smell-ing operations, so it is only a matter of time and more restructuring before prices start to move again.

Nevertheless, producers hope that one effect of the hig re-structuring achieved already will he to prevent the price rise. when it comes, from being as when it comes, from being as high—and shortlived—as it was two years ago. There is some evidence to aupport them. The smellers which have survived the last five years are, in general, those which have the lowest operating costs.

In some cases, such as Alcan's hig smelter complex in northern Quebec, the costs were already low because of the avallability of cheap hydroelectric power, But there and elsewhere, pro-ducers have made huge efforts in the past few years to cut all

energy efficiency, permitting increased output from the same

amount of power. For its part, Pechiney, the French producer, has undoubtedly given its customers an increased feeling of security by recently negotiating a 10-year FFr 2bn power deal with Electricité de France. This follows a 25 year FFr 2bn deal It made with EDF in 1983. The two cover more than half of Pechlney's basic electricity

Low cost capacity

The cumulative effect of these and other improvements is that the industry as a whole is that the industry as a whole has more low cost capacity than ever. Commodities Research Unit, a London consulting group, estimates that the combination of lower alumina prices, lower power prices and other factors has caused average smelter operating costs in the Western world to fall by 6 to 10 per cent in the past year. 6 to 10 per cent in the past year.

That means that probably a considerable amount of the existing idle capacity could be operated economically with only modest increases in prices. If that capacity did return to pro-duction, it would moderate the In a few cases, such as the price push.

British Alcan smelter at Fort Analysts expect western

countries. Elscwherc,

ally, perhaps by I per cent.
So far, the price has stubbornly refused to move. The big surprise in the past year or so has been the failure of stocks to decline as rapidly as the rate of smeller closures would have suggested. Total western world inventories, as published by the International Primary Aluminium Institute in London, were 4.1m tonnes in August 1985, only 3 per cent

lower than a year carlier,
Analysts still believe the
closures will have on impact,
but this has been delayed
hecause the actual closures
often happen some months after an announcement is made. Also, consumers have learned to live with much lower levels of slock

than in the past.

Another hopeful sign was the cutbacks have come from

smelters in the industrialised

often rontrolled by govern-ments that are less sensitive to market prices than to the need to maintain employment and earn forcign exchange. Appar-rently, the price slump has begun hurting them as well. Another meeting is to be held in January when they might agree on production cuts.

However, it is all a bit uncer tain, and so the oullook for the industry remains difficult to predict. But it would be wrong just to contemplate the industry's problems at this time, Next year marks the 100th anniversary of the year in which a Frenchman, Paul Heroult, and American, Charles Martin Hall, working independently, developed the electrolytic process for smelting aluminium.

The Hall-Heroult process, as it is now known, enabled recent meeting in Buenos Aires of a number of producers from developing countries. Until now, almost all of the production prices customers were willing

C	ou.	tents	H
Canada	2	London Metal	7
U.S.	2	Exchange	4
UK		UK Extruders	- 5
4-4	3	Profile: Alusuisse	5
Australia	3	Packaging	6
Brazil	4	Profile: Ardal	6

countries. Aluminium bas lost ground to establish a solid growth rater is also a growing in the home improvement patiern again. William lu Scotland referred to world output to be about 11.9m



In 1856. Jules Verne predicted that man would fly to the moon in an aluminium space craft. For once, events have proved him right.

But considering aluminium's lightness, strength and
durability, it was hardly sheet guesswork on his part.

might also reasonably predict that British Alcan would continue to lead in the development and production of

aluminium for the next hundred years. And it wouldn't be hard to justify We have been in the forefront of every important new advance in the world of

aluminium — from mining to manufacturing — since aluminium became important. In fact, we've projects in research now that Jules Verne would have had a hard

For instance, we're creating new aluminium-lithium alloys that surpass in lightness and strength anything yet produced. They will revolutionise the aerospace industry.

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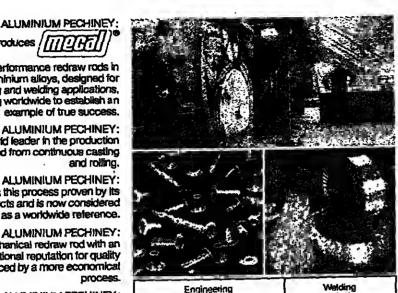
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On this and the following two pages the survey examines the performances and prospects of some of the principal countries involved in production

Fall in U.S. dollar aids industry

Canada ROBERT GIBBENS

THE BEST news for the Canadian aluminium industry has been the 10 per cent slide in tho external value of the U.S. dollar this year and last month's Big Five commitment to a controlled descent over the next.

Canada has well over Im tonnes of primary aluminium capacity, nearly all in Quebec, ond has drawn the Paris-based Pechiney group away from the U.S. to put its chips on a C\$1hn smelter near Montreal dna to open next spring.

The other producers are Alcan Aluminium with total primary capacity of 820,000 tonnes in Queliec and a further 270,000 tonnes in Northern British Columbia, and Canadian Reynolds Metals, which recently completed two more potlines at Bale Comezu, Quehec, hringing capacity to 275,000 tonnes.

Canada'o ace card is cheap power, and Quebec equals Manitoba with the lowest rates in the country. The low power rates more than compensate for primary end. in hauxite and aluming and exporting ingot, since the demestic market consumes only o small fraction of ingot

tion project looked well timed. sures on profitability—
However, since then North ally if U.S. producers
American ingot prices dropped through on promises t
from a post-recession high of down nearly 100,000
around U.S. 75 cents, a level ot more smelting capacity. which Alcan and the other pro-ducers can show good profit-ability, to below U.S. 45 cents, hefore recovering slightly to the 46 to 48 cents now.

Demand in North America has not been the real problem, on the lines of the aluminium hat the persistent high level of can 15 years ago, he says.

the U.S. dollar—aluminium ingot as a world commodity sells in U.S. dollars, as do the raw materials. Imports have resched obout 20 per cent of the enarmous U.S. market



produced.

Cheap power brought Pechinery and Amax into Quebee and late in 1983 this major construction project looked well times.

Lingot usuar is serious and for the long term. Though the corner has not been turned yet, a hetter halance is emerging between project late in 1983 this major construction project looked well times. prices with some oasing in pressures on profitability—especially if U.S. producers follow through on promises to shut down nearly 100,000 tonnes

> demand growth of between 2 and 3 per cent yearly, compared with 4 to 5 per cent in the 1970s, and go on searching for a major product breakthrough

It must also watch that over a major part of the aluminum beverage can market, layoffs with compensation. In while striving to get aluminum 1985, the company expects to

because of the high dollar, and used in structural parts of cars have kept down North American as well as in radiators, perfecting in lithium-aluminum alloys for made Aluminium Company of aircraft in competition with Amorica, the leader, threaton composites, and developing to redoce its exposure in the other higher-technology uses for the metal The Europeon subsidiaries for the metal.

David Culver, president of Alcan itself is shifting its Alcan Aluminium, helieves the North American research effort commitment to a lower U.S. away from process improves hos daveloped its own smelter
r techniques to improve productivity, and would have installed
these of its Laterriore smelter
north of Quebec City — hut
this C\$1bn project has been delayed indefinitely because of
Alcan's strategy is to hold
Alcan's 60-40 debt equity ratio
and low level of profits.

where, becouse of industry overexpansion in the 1970s and
early 1990s, plants are working
at between 50 and 60 per cent
of capacity and in soma cases
cannot cover thoir debt.

Alcan's strategy is to hold
back primary expansion, use its
low-cost smelter base in
Canada to the best odvantage.

Any improvement that may The industry has to live with take place in the fourth quarter of 1985 cannot do much now to improve Alcan's full-year results. The company has made a U.S.\$66m charge to cover its most severe restructuring in North Amarica since World War II. Management has been severely pruned and more than plastics do not begin to take 1,000 peopla have left, either through early retirements or

have already been through the wringer, while Alcan has moved out of Mexico and Columbia and is looking for further disposals. Ideally it would reduce its commitments in alumina, ments to the product area. It where, becouse of industry over-hos developed its own smelter expansion in the 1970s and

maintain its most stable foreign operations, make its raw materials base more profitable, search out new product areas, davelop its expanded fabricating base in the U.S., and integrate forward where possible into high-technology areas aluminum is a key metal.

Both Alean and Reynolds have sizeable fabricating opera-tions in Canada, fed with domestically produced ingot, but most of Reynolds' production at Baie Comeau goes to the parent company's U.S. fabricating plants.

show cost savings of about diary of Tube Investments of Britain. Reynolds later hought the smelter, and has modernized and expanded it.

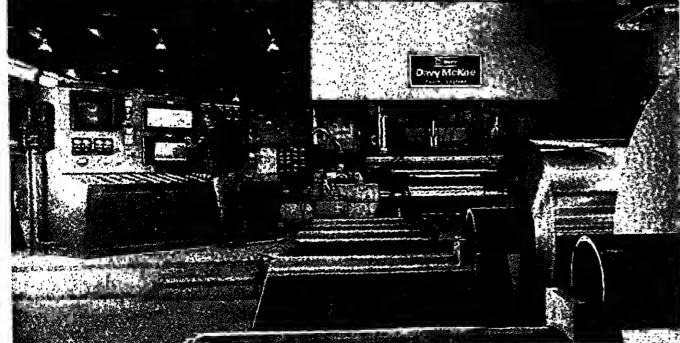
The most recent project has cost C\$500m. The company oigned a long-term power deal with Hydro-Quebec glving it very favourable rates, if not as low as Alcan's. In all Alcan owns more than 2,000-mega-watts of ganerating capacity in

Pechiner got the same power deat from Hydro-Quebec and located its smelter on the south shore of the St Lawrence near-Montreal, It will be 25 per cent-owned by the Quebec Govern-ment, as additional assurance, and each of the partners is sible for its share of production.

advantage of Pechinoy's latest. high-productivity technology, excellent water and rail connections, and a relatively stable labour pool. Lower interest rates have helped to keep capital costs near C\$1bb. Capacity will be 230,000 tonnes. Most of the production will

but most of Reynolds' produc-tion at Baie Comeau goes to the parent company's U.S. fabricat-ing plants.

The Beynolds smelter dates back to 1957, when the first two potlines were built by a subsi-



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Davy Moke technology in the service of Aluminium

Big three step up their fabrication

U.S.

TERRY DODSWORTH

ALUMINIUM manufac-U.S. ALUMINIUM manufac-turers came out of the recession more or less on cue a couple of years ago, giving the strong impression that they were hoad-ing towards o typical cyclical recovery after the economic problems of 1981-82. But much to the chagrin of

the forecasters, the recovery stalled almost as soon as it had stalled almost as soon as it had begun. Profits of the big three producers—Alcox, Reynolds and Kaiser — amounted to only \$339m last yoar, about one-third of the 1980 figure of the peak of the last recovery, and since then industry bas spiralled down into another mini-

The problems were underlined recently in the third-quarter figures from Aluminum

quarter figures from Aluminum Company of America (Alcoa), the largest producer of tha motal in the U.S.

Alcoa's year-on-year earnings were down slightly for the three months, but over the first nine months of the year dropped to \$104m from \$271m. Shipments in the quarter fell to 432,000 tons from 439,000 tons, and Mr Charles Parry, chairman, complained of "continued price weakness in both aluminium ingot and fabrication."

tion."
Perhaps the most evident short-term difficulty for the U.S. producers is the competitive sdvantage given to foreign manufacturers by the increase in the value of the dollar, which even after its recent decline stands at about 50 per cent more than its trade-weighted average five years ago.
The U.S. has always imported

a significant amount of aluminium ingot, a product in which Canada has a natural advantage because of its cheap hydro-electric power. But with the dollar at present levels, importers from all over the world have found new markets in the U.S. for milled products

as well.
This year, the flood of imports has been contained to some extent, as shipments of foreign milled products have fallen by almost 9 per cent over the first seven months. This trend has offered only small relief to American producers who saw imports soar by 76 per cent in 1984, hitting 1bn lbs and taking about 21 per cent of the market - up from 9 per cent five years

The difficulties caused by the dollar have been compounded by structural changes in the world industry which seemed to creep up on the U.S. manu-facturers before they noticed them. New markets have failed to open up ot the rate they were doing o few years ago, and supply has consequently expanded too fast.

For the more marginal U.S. manufacturing operations, particularly in smelting where the industry has not been modernised as effectively as in fabrica-tion, this imbalance has brought tremendous pressures.

iremendous pressures.

In the first seven months of this year, these difficulties showed up in a sharp decline in total U.S. domestic consumption, including imported milled products, from 8.5bn lbs in 1984 to 8.0bn lbs. Total domestic industry shipments, including exports, fell to 8.5bn lbs from 9.1bn lbs in 1984, bringing about a drop in production through to the end of August of around 16 per cent on the year.

Inevitably, one area where the imbalance between supply and demand has shown np is in pricing. Against o price of

and demand has shown np is in pricing. Against o price of around 70 cents per pound back at the beginning of 1984, aluminium has been selling recently at closer to 50 cents per pound—less than it costs soms U.S. producers to make it. Paine Webber, tha New York securities house, has estimated that ingot prices could vary widely over the next five years, but it believes that there will

but it believes that there will be little price relief before next yoar, and that average prices over the period could come out of a little under 60 cents per

pound.

Under the impact of this flood of problems, the U.S. industry has begun a wave of reorganisation. Two of the smaller producers, Atlantic Richfield and Martin Marlotta, dropped out of the aluminium business last year, and it is expected that several others will follow, leaving the ground more open to the threa big

players.
It is likely that the U.S. manufacturers will also push more hoavily to exploit some of their strengths in advanced fabrication products by closing down more of their smelting capacity.

This is not, of course, a surefire guarantee of success, since the higher margin products are being eyed by most ambitious companies, while, in the mean-time, some traditional markets, such as the oluminium beverage can, are coming under in-creased attack from plastics.



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Aluminium to 1990

The Economist Intelligence Unit

PROSPECTS FOR RECOVERY um lost its shine for good? This new EIU 5 pecial examines the likelihood of a more buoyant market for aluminium in the light of energy costs, supply and demand

palance, new markets and competitive trends. Primery aluminium consumption patterns in major industrial countries are examined in terms of the major sub-markets - construction, automotive, food containers etc. and products - shoet, extrusions, castings etc. Aluminium's position vis-a-vis competitors such as wood, plastics, tinpiate and copper are analysed. Price forecasts to 1990 are derived from an econometric model which analyses the major markot

The Economist Publications Ltd Marketing Department (XCX) 40 Duke Street, London W1A 1DW

variables. The Report is available, price £120. Special Report No. 209.

Profits rising but mood stays cautious

U.K. ANDREW FISHER

nees and

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AFTER THE traumas of the early 1980s, the UK aluminium industry is now firmly on its feet again and battling hard in the tough markets of Europe.

Output has risen and profitability has i proved.

The fight is a tough one because demand is only edging slowly forwards rather than shooting ahead, while prices for UK aluminium products have fallen as a result of sterling's rise in value this year.

A Extitle Alcon Aluminium products have fallen as a result of sterling's rise in value this year.

than 50 per cent in Europe as a whole, its competitors being At British Alcan Aluminium, the mood is cautious, hut not despairing. Higher operating costs and lower selling prices on some products have put a hrake Pechiney of France, and the VAW plant owned jointly with Alcan in West Germany. There are no direct UK-based rivals. on the recovery from previous heavy losses and first half profits of the Canadian-owned

profits of the Canadian-owned company were 13 per cent lower at £23m hefore tax.

When amouncing the results in July, British Alcan said it did not foresee much of an improvement in the second six months. The company, formed when Alcan Aluminium (UK)

"The -UK is way behind the US. in light-weighting developments." he said. But he felt

mough this use of less metal.

The UK is way behind the U.S. in light-weighting developments," he said. But he felt it was up to the customer to drive the process on, with a strong competitive impulse into fighting shape was high.

Capacity was sharply reduced and the number of jobs fell hy around 3,500 to 10,000. The measure of the problem was shown by the fact that the tompanies which companies which merged into British Alcan had made comin Swansea, has moved back into profit, though achieving "nothing exciting" as yet, combined losses of some £90m in

1981 and 1982.

Like the rest of the industry.

British Alcan is still striving to improve its productivity, enhance quality and keep its boosting the use of aluminium to improve its productivity, enhance quality and keep its
energy costs at bay in an industry which is highly energyintensive. Last year, the
company spent around £8m, a
figure likely to double this year UK's 4m beer and soft drinks
and rice by another 50 per cost.



With only slow growth in the overall market and a trend to-wards use of lighter weight materials. Alcoa's tonnage of aluminium for the drink pack-

aging industry is not actually

3 per cent growth

Mr Aylesbury reckoned that

Inside Alcoa's rolling mill at Swansea. It is Alcoa's largest European operation and exports over 50 per cent of its product for easy open can ends

-	
	A Section of the sect
No.	

rising. It supplies sheet for beverage can tops and pull-rings and capacity is around 50,000	ьщ	opean operation and for (
Alcoa selis about 35 per cent of its sheet output to UK custo-	UK	Performance

(tonnes)		•
Primary aluminium: Production Imports Shipments (incl. exports)	1984 292,375 166,144 452,834	1983 252,525 157,821 418,269	1982 240,806 149,300 399,248
Scrap: Shipments	143,097	128,052	115,779
Shipments of wrought and east products:			
Plate, sheet, strip, circles	191,161	174,870	173,662
Bars, sections Tubes	133,891	134,970	121,960
Wire	10,449	12,420	14,443
vone Foreings	31,765 1,651	31,091 1,728	34,100

ara made of aluminium, which

Castings

is a recyclable material. Alcoa tried to persuade others in the industry to join its Cash-a-Can scheme for used aluminium cans. Similar schemes operate on the Continent. Early last year, however, it withdrew the scheme and stopped making can body sheet in South Wales. The industry still has a recycling programme, but Mr Ayleshury said it would need "a massive injection" of cash to provide the right im-

petus. floated on the London stock exchange just over a year ago, showed itself in confident mood, when announcing its first half or so in 1986.

At Alcoa, which nearly closed its South Wales sheet mill in 1980 after heavy losses, invest-

Aluminium. Mr Jon Pither, the chairman, said the second half of the year had started well and that, encouraged by the success of the Canadian operations, Amari was now looking for opportunities in

77,008

78,307

Significant changes

Over tha past decade or so, significant changes have taken place in the main uses for aluminium. In the early 1970s, it was the transport industry which took the largest share of On the stockholding side, semi-finished aluminium pro-Amari, shares of which were ducts for use in trucks and trailers. Next came the engin-eering, electrical, and foil in-dustries.

Concern over export prices

Australia

MICHAEL THOMPSON-NOEL

TO THE outside world, Austraita is putting on a brave face at present. Growth is strong, em-ployment growing, the stock market in an ebullient frame of mind and the unions co-operating manfully with Mr Boh Hawke's Labor Government, whose wages policy has dam-pened industrial unrest and helped sponsor a surge in

profits. However, pockets of glumness remain, particularly in metals and mining, as typified by the Australian aluminium business, which is now fully integrated into tha world

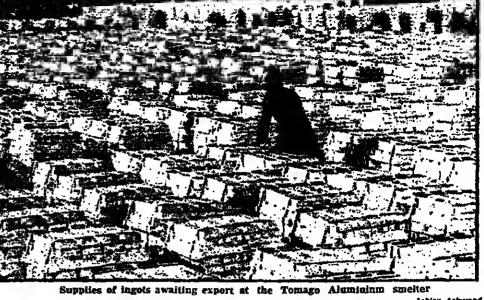
aluminium scene. Things used to be simpler. In 1979, Australia produced almost 19'9, Australia produced almost 270,000 tonnes of aluminium, of which it consumed 215,000 tonnes. Without any difficulty it was able to export the balance at acceptable prices. In 1984, however, Australian production had reached 756,700

tonnes. Although local consump-tion had risen to 258,500 tonnes, it was necessary to find export markets for more than 477,300 it was necessary to find export tonnes), and the Tomago markets for more than 477,300 smelter in NSW (Pechiney, tonnes at prices that were far CSR, and others, 230,000 from acceptable.

1.2m and 1.3m tonnes.

Things have not worked out so grandly. This year, says Mr Charles Kneipp, director of the Australian Aluminium Development Council, total Australian production is likely to be around 780,000 tonnes, and whereas domestic sales are still quite strong, thanks to a huoy-ant economy, the continuing depressed state of international

was commissioning a third new potline that will boost capacity to around 150,000 tonnes.



In addition, two "second generation" smelters are now fully commissioned: the Boyne by Comalco and othera (206.000

from acceptable.

In 1980, the Department of Trade in Canberra was predicting that by 1985, Australia could become the world's the State Government. In largest exporter of primary aluminium, with exports totalling im tonnes a year out of total production of between L2m and 1.3m tonnes.

tonnes).

In Victoria, Alcoa's on-again, off-again Portland smelter is on again, with the participation of the State Government. In Western Australia, however, plans for a 220,000-tonne, ling im tonnes a year out of total production of between L2m and 1.3m tonnes. signalling a "major new direc-tion" for Western Australia's

development, now seem to bave been postponed.
Australia remains a low-cost aluminium producer. It has vast reserves of bauxite, and relatively though not excessively low energy prices (it has plenty of cheap coal). But the depressed state of world aluminium prices has hardly beload a professional profession of the profession o

depressed state of international prices is little cause for cheer. On the other hand, Australia's periences vary.

1985 output could be as high as 850,000 tonnes, with exports close to 580,000 tonnes.

In the latest June half, Comalco's Bell Bay smelter in Tasmania was operating at a little over its design capacity of 171,000 tonnes: Alcoa of Australia's 185,000-tonne-a-year asmelter at Port Henry in Victoria was going flat out, and Alcan Australia's Kurri Kurri smelter in New South Wales was commissioning a third new First-half capital expenditure

First-half capital expenditure at Alcoa was A\$57.7m, includ-

spending at Portland (excluding capitalised interest), while total interest on horrowings was A\$63.5m, against A\$51.9m pre-U.S. dollar and slightly higher viously, reflecting a stronger

Alcoa's directors sald that continued oversupply of both alumina and aluminium would have an adverse effect on profits in the near-term, and that profit-ability continued to depend on the company's ability to cut

Comalco, in turn, is the only majority Australian-owned aluminium company. It is 67 per cent owned by CRA, the hig Australian mining house, whose other interests include copper, iron ore, lead, zinc, distributed to the August and t diamonds (the Argyle project in WA), coal, gold, etc. In 1984,

group net earnings sagged from
A371.6m to A\$29.5m.
Comalco is fully internationalised, which is why it is
suffering at present. It has
consortium interests in an alumina refinery in Sardinia, and in the aluminium smelter at Tiwai Point, NZ, plus a smelter and rolling facilities in the U.S. It also has interests in aluminium fabrication comparies in Japan, Hong Kong, Indonesia, Malaysia, the Philip-pines, and New Zealand.

Comaleo says it has no regrets about broadening its downstream processing and marketing base. On the other marketing base. On the other hand it is constantly having to review its aluminium production. This is a familiar complaint, fundamentally familiarity does not lessen its relevance, at least ing A\$36.4m as its share of tion, saying that last April's in the aluminium trade.

electricity price increase at Tiwai Point, which will add about NZ\$20m to annual running costs, was "cause for scrious concern." (Mr David Longe, the New Zealand Prime Minister, says that formerly Camalco was getting electricity at "widow's prices.")

According to the Comalco-hatrman, Mr John Ralph, chairman. Mr John Ralph, speaking in April: "The current dramatic decline in the value of the Australian dollar . . . has signalled that there is spreading international concern at international cconomic Australia's formanre.

"Like most other exporthased enterprises (in Australia), Comalco is finding it increasingly difficult to remain competitive in the current domestic environment. Rates of return on investment continue to he inadequate, dampened by excessively high labour and capital costs, and state and federal government image of aluminium is a rather hazy one in the minds of the public and many businessmen, the industry is embarking on a programme to sharpen its charges.

"In particular, the extent of current government expenditure has led to growing tax hurdens on the productive sector as well as an unsustainable level of borrowing."

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Alcoa's plant in

South Wales is the

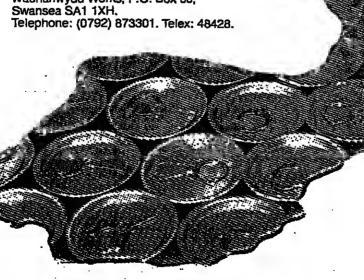
only one of its kind in Europe dedicated to aluminium sheet production for easy open can ends. Well over 50,000 tonnes of aluminium is rolled into thin gauge coil form to service the European easy open end market. The plant at Swansea contains some of the most up-to-date rolling and finishing equipment in the industry today -

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10048, USA. Tel: 212-321 7163 Telex: 23239025. TOKYO: Toranomon Mori Building No. 37 5-1 Toranomon, 3-Chome Minato-Ku Tokro 105. Japan. Tel: 03-432 9580 Telex: 2422619

Struggling to break even

Brazil

ANDREW WHITLEY

THE OFFICIAL inauguration last week of Brazil's newest aluminium refinery. Albras, which is a joint venture between a Japanese consortium and the government-controlled Companhia Vale do Rio Doce (CVRD), was not the happy occasion it should have been for this once-booming industry. At a time when the aluminium price on the London Metal Exchange is dipping perilously close the U.S.\$000 a ton (below the operating costs of even the most modern end efficient Brazilian plants) the last thing the established pro-THE OFFICIAL inauguration

last thing the established pro-ducer needs is higher installed capacity in the country and an-

other competitor.

Newly established facilities such as the integrated Alumar complex at Sao Luis, on the northern coast, and the Valesul refinery near Rio de Janeiro, are struggling hard to break are struggling hard to break even on a current cost basis, leaving aside their heavy capital

investments.

Energy costs, after a few years in which they declined in U.S. dollar terms to an average of around 13 mills, are expected to rise significantly in the near future; and the domesthe near runne; and the donestic market for aluminium, once regarded as perhaps the best reason to invest in Brazil, remains well below its 1980 peak. The chequered story of Albras and its associated alumina and the story of Albras and its associated alumina

smelter Alunorte reflects the changing fortunes of the Brazilian aluminium industry. Conceived in the early 1970s is the plant's largest integrated works, producing 1 am tonnes of slumins and 640,000m tonnes of primary aluminium. Its strategic advantage is its location in the mouth of the Amazon River not far from major deposits of hauxite and cheap energy from the new Tucurui bydro-electric

plant.
The Alunorte alumina was intended to be fed integrally into the refining operation, whose offtake—for domestic consumption or export — would reflect the 51:49 ownership split be-tween CVRD and the Nippon Amazon Aluminium Company, a consortium of 31 companies

Full production for the first stage — 320,000 tonnes of aln-minium — was scheduled for both units for 1986. This schedule has now gone haywire because of the worldwide recession in the industry and Brazil's -own acute cash shortages.

President Jose Sarney last week inaugurated a refinery which has in operation only its first pot-lines, capable of pro-ducing 80,000 tonnes a year. at the adjacent Alunorte plant main market for Alumar. But for two years and is unlikely to in this they are not alooe. resume again before 1987, at During the 1970s, when reces-



Alumar, the aluminium refinery at Sao Luis, northern Brazil

the earliest. the earliest.

Its power supply from Tucurai, a big power station on the Tocantins river, is also well behind schedule because of delays in installing high-tension transmission lines. Even the scaled-down target for Albras of 180,000 tonnes by next year is unlikely to be reached.

year is unlikely to be reached because of this unexpected limi-

As for the Japanese, their initial enthusiasm for the whole project is believed to have cooled considerably. Capital costs on completion have been revised upwards to near U.S.\$2.5bn. And the operating costs of aluminium production on virgin sites in under de-veloped regions are likely to prove much higher than was earlier estimated — judging by Alcoa's experience with its nearby Alumar plant.

Alumar, a custom-made. Al Bauxite
coa-designed plant in which Billiton, the Shell minerals subsidiary, had a minority holding.
Teta

is in trouble only a year after its own grand opening.

The root of the problem is, not surprisingly, the low world prices. With it standing at nearly U.S. \$200 a tonne below production costs and the com-pany trying to meet high debt obligations at the same time results in a circle that cannot be squared, as Mr Alain Belda, Alcoa do Brasil's president, bas painfully discovered.

According to western bankers, Alumar is currently engaged in rescheduling its debt principal payments and has had difficulty even in meeting its interest payments. "They must be hieeding to death," said Mr Ian Rugeroni, of Alcan's Brazilian subsidiary.

Alcoa admits it was over optimistic about the property of a

from neighbouring Surinam. Brazilian domestic market, Work has been almost halted originally expected to be the

sion was a bad word in Brazil, local aluminium consumption was growing by about 15 per

All the potential seemed to be there, a population which has now reached 134m with a tiny per capita consumption of aluminium. fast industrial growth, abundant raw materials and relatively cheap energy.

growth, abundant raw materials and relatively cheap energy.

New plant was installed as fast as the finance could be found. Capacity jumped from 205,000 tonnes in 1978 to this year's 554,000 tonnes. On original projections the curve would have climbed to nearly Im tonnes by the end of the

decade, making Brazil one of the few top producers in the world.

The severe Brazilian recession of the early 1980s which, in aluminium, extended into last year, transformed this outlook. Domestic producers had to be reorientated to the export market and much planned ex-pansion was shelved or dropped. pansion was shelved of dropped.
Ooe side effect of the export
drive is that it has changed
the economics of previously
costly aluminium refineries
such as Valesul (an AVRVDBilliton joint venture), in relation to bigger, integrated
plants such as Alumar.

190.8 151.4 388.1 Ministry of Industry and Com

Brazilian Exports 1983 114.6 9.5 264.0 87.8 6.6 57.0 65.2 10.1 114.5 8.9 67.4 Barrite ainminium ...

World Primary Aluminium industry Production

	('0	00s me	tric tons)		
_	1984	1974	Country	1984	1974
Country	5.339	5,510	Oceania	1,001	331
North America	1,200	1.021	Australia	758	220
Canada	40	41	New Zealand	243	111
Mexico		4.448	Europe	6,332	5,225
United States	4,099		Common Market	-	
South America	886	211		1,992	1,992
Argentina	134	1	Countries	342	294
Brazil	412	126	France		
Surinam	30	- 34	Germany West	750	689
Venezuela	310	50	Greece	136	145
Asia	1,553	1,613	Italy	230	216
Rahrain	177	118	Netherlands	248	251
China-Mainland	380	. 250	United Kingdon	n 286	233
China-Taiwan	-	32	European Free		
India	270	129	Trade Assoc.	1,101	995
Indonesia	180		Austria	26	12
Iran	46	43	Iccland	82	70
Japan	287	1.118	Norway	761	€63
North Korea	10		Sweden	83	. 83
South Korea	18	17	Switzerland	79	-37
Turkey	25		Other	3,239	
United Arab			Crechoslovakia	34	50
Emirates	150	_	Germany East	28	59
Africa	411	279	Hungary	74	69
Cameroon	80	47	*Poland	· · · 46	102
Egypt	166		*Romania	244	187
Ghana		157	Spain	381	
South Africa	165		USSR	2,700	1,432
Domes sarrion			Yngoslavia	302	147
Wanted Workel				15.522	12 140

World Total Includes secondary. Source: The Aluminium Ass

The reason is the current cost advantage of importing alumina at \$125 a tonne through the government's export-related glass bottles. The steel can, derided by the aluminium makers as a poor product, has only a tiny market niche.

The evident advantages have above un in Brazil's trade static.

shown up in Brazil's trade statis-tics. These reveal that alumina imports jumped from 87,000 tonnes in 1982 to 203,000 tonnes the following year and 180,000 tonnes in 1984.

How to get away from their current excessive dependency on fragile export markets and back into the Brazilian mainstream is the key dilemma facing most of the aluminium compenies in Brazil.

only a tiny market niche.

A comparison with the U.S. which has per capita consumption of 600 cans a year, is dramatic. Brazilians bought only four cans each last year. The company which hopes to transform these figures is Reynolds, a minor player so far in the Brazilian aluminium market.

With an estimated investment

current excessive dependency on fragile export markets and back into the Brazilian main-stream is the key dilemmas facing most of the aluminium compenies in Brazil.

The single exception to this argument is CBA, beart of the giant Brazilian Votarantim group, which is the lowest-cost producer in the country and kept to the home market throughout the recession.

One hopeful new development is the expected arrival next year of the all-aluminium ean, Although Brazil is a vast mar-

Influence over prices strengthens

568.5

London Metal Exchange

Source; Consider

STEFAN WAGSTYL

ALUMINIUM producers are further away then ever from re-establishing the control they ooce enjoyed over world aluminium prices. The past year has seen an increase in the influence of the futures market on the price discussions between the aluminium companies and their

As the producers feared when the London Metal Exchange launched its aluminium contract in 1978 the effect has been to make prices more vola-tile and more dependent on the aluminium industry but in all walks of economic and finan-

cial life.

Publicly, the big producers, notably the North American companies, maintain their hostility to the LME prices. But they acknowledge that the traditional system in which they sold at known fixed prices has probably gone for good. They have started using the futures markets themselves, often in a very small way, if only to keep

in touch with sentiment.

More significantly, the major aluminium companies admit pri-vately that the day could be fast approaching when they will use LME prices as the basis of their contracts with customers. Many newer producers do this already. A key deal was struck last year between the Japanese and Venezuela, to change the basis of pricing at Venalum from the Alcan producer price to LME quotations. The Japanese had insited that prices

Intermediaries

reflected the market more

Merchants, often acting as intermediaries between producers and fabricating companies, are increasingly using LME prices as the basis of their buying and selling, usually covering their positions by hedging on the LME.

At a conference arranged by the magazine Metal Bulletin the magazine Metal Bulletin earlier this month, Mr Sandy Ross-Macdonald, vice-president at trader Gerald Metals, said

that in the merchants area of the aluminium market the LME quotation was the pricing This has not been true of the contracts between the major North American producers and their customers. But Mr Ross-Macdonald said that the LME

quotation was "the major fac-tor in setting the ground on which the discussion takes place." An executive at one North American producer said: "It does exert a significant in-fluence but we don't have contracts based on the LME." Producers have acknowledged the effect of market influences by allowing customers to renegotiate an agreed future price if, near the day of delivery, it seems too high. These "trans-action prices" published in

trade journals on informatioo

drawn from consumers, broadly

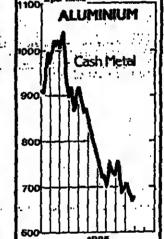
follow LME prices, though they tend to move less sharply.

Producers agree that the LME quotation would be far less volatile if they used the exchange more "actively them-selves, but the major companies have no plans at the moment. have no plans at the moment to increase their very low levels of hedging.

"It does not serve our interests, though that may change in the future, perhaps in the next year or two, " said

He pointed out that falling aluminium prices over the past year had done nothing to attract the producers to the the market down.

Traders at the LME are confi-dent that the exchange's aluminium contract will contime to grow in importance in the market. The volume of business done this year is sharply down on 1984 — with 19.5m tonnes traded for the first nine months of 1985 against 30.6m for the whole of last year.



of falling prices. Aluminium trade interest remains strong,

they say.
The LME is well pleased with
the success of its contract. Mr
Michael Brown, the exchange's chief executive, said that the aluminium was well on the way to overtaking copper as the most actively traded metal.

The volatility of exchange

ing companies, for example Shearson Lehman Brothers and Rudolf Wolff, to promote contracts priced in dollars along-side the LME's sterling contract. These dollar contracts save customers the trouble of hedging indir. currency and their metal separately.

The success of these moves has encouraged trades to discuss the possibility of trading a dol-

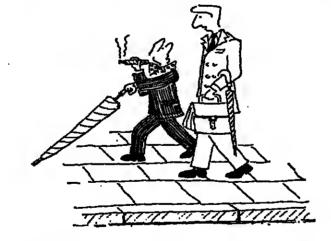
the possibility of trading a dol-lar-priced contract across the floor of the Exchange itself. But the LME has yet to begin any formal studies of such a con-

in London that the sterling con-tract has performed so well, in contrast to the dollar contract traded in New York, on the Commodity Exchange (Comex) since December 1983. Many LME traders were at first afraid that the New York contract, priced in the currency in which most deals in the aluminium industry are struck, could not

fail to displace the LME's.
This has not happened, largely because, say Comex officials, the launch of their con-However, traders believe aluminium was well on the way that this is largely the result to overtaking copper as the aluminium industry leaving the market alone during a period of declining aluminium prices which has aluminium industry leaving the most actively traded metal.

The volatility of exchange whose activities bring much-needed liquidity to the market.

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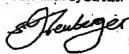
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ALUMINIUM 5

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BRITAIN'S ALUMINIUM extruders are in the midst of a major market development campaign as they seek to recover from the adverse impact of the surge in the aluminium price in late 1983.

They are also trying to con-vince their customers that they

have taken steps to insulate themselves from a further volatility in the metal price.

The 1983 price increases, which saw the aluminium ingot price rise from £533 a tonne in June to more than £1,100 a tonne the following Jenuary, sent customers running for sent customers running for cover or, to be more specific, in search of other materials and technologies for making their components.

in search of other and technologies for making their components.

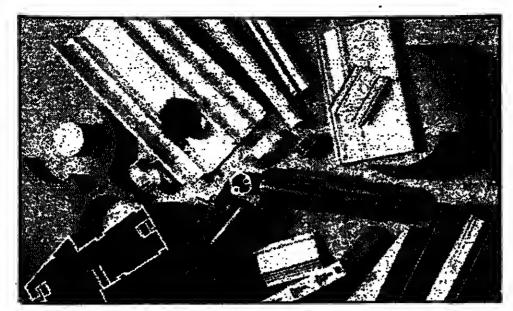
The most damaging loss for the extruders was in the replacement window market. Until 1983, ebout 90 per cent of replacement window frames in the UK were made from aluminium extrusions, but today, plastic has raised its share to 30 per cent.

This lowers the average metal cost to the extruder and it also provides the opportunity for the mumber of grades tock, thus reducing

improvement market, of which window frames are the most important part, eccounted for about 30 per cent of their husiness.

The extruders realised that they had to take action if further erosion were to be pre-

PROFILE: ALUSUISSE



A selection of extruded anodised components

accomplished at the same time. One of the most interesting developed a computer-aided developments is the emergence of secondary smelters that can upgrade scrap and primary metal to the best extrusion work out the stresses involved work out the stresses involved the sallboats, cases for huge cathet the minimum necessary thereof the same time. British Alcan has also more parts, thus saving on material and assembly costs.

They show tiny extrusions used in electronic equipment assemblies, masts for huge sallboats, cases for the stresses involved.

provides the opportunity for reducing the number of grades he keeps in stock, thus reducing his working capital.

 They are making a major effort to develop new markets.
 The extruders are self-critical further erosion were to be prevented, and so they have been working on three fronts.

They have been negotiating continuously with the primary aluminium producers with a view to having stable—and, as far as possible, low—prices for their metal. Mr Brian Turner, managing director of Indalex, a leading UK extruder. says.

The extruders are self-critical for having become satisfied with their established markets. They realised, in tha wake of the 1983 shock, that they had to make a continuous effort to develop new markets, if only to replace those that would be lost from time to time in the continuous effort to develop new markets. Some have developed totally

managing director of Indalex, a leading UK extruder, says that producers have reduced, their costs and are now much more willing to negotiate prices than they were a couple of years ago, "We now feel we have the lower cost base of the smelters helping us" he saws.

materials.

Some have developed totally new products. Block for example, has introduced an extruded aluminium radiator in the past year, and it has begun to make a slight dent in the stranglehold of steel in this market.

belping us," he says.

Also, extruders have become much more enterprising in shopping for metal. Even though Indalex is part of the Rio Tinto Zinc group, which has a one-third interest in the Anglesay Almandary resimpler.

work out the stresses involved so that the minimum necessary material will be used in the part. The system can also pre-pare machine tool programmes for cutting dies, thus reducing the time between design and

Mr Bridgeman says that the company has had to add three new terminals to its original two in the past year and all are now working two shifts a

The UK extruders are also making a major promotion effort. They got together early last year and agreed to put up a "six figure sum" to finance a campaign, and managed to convince 10 primary producers to contribute.

The message of the campaign is simple. Extrusion is all about making shapes, and there is no limit to the shapes into which a billet of aluminium can which a billet of simmum can be squeezed through a die. So the campaign, called the Shape-makers, attempts to make designers and engineers aware of the potential of aluminium extrusions, mainly by way of

has a one-third interest in the Anglesey Aluminium primary smelter in Wales, the company imports about 70 per cent of its metal.

The group also has licences in which extrusions are being made by customers in the thickness of their extrusions.

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The group also has licences in which extrusions are being made by customers in the thickness of their extrusions.

We are in the acourt of the about 5 per cent in their stransmit to make by customers in the thickness of their extrusions.

We are in the acourt of the innovative ways in which extrusions are being made by customers in the thickness of their extrusions.

We are in the acourt of the innovative ways in which extrusions are being made by customers in the thickness of their extrusions.

The group also has licences in which extrusions are being made by customers in the thickness of their extrusions.

thermometers, frames for modular wall partitions and many other applications.

"Our promotion effort reflects our belief that our product is undervalued," Mr Richard Cowdell managing directors of CEGO

dell, managing director of CEGO (Engineering), says.

Engineering), says.

The Shapemakers campaign also has an information telephone number and inquiries are transmitted to all 20 participants for follow up. In the year since the campaign began, more than 2,500 inquiries have been received, leading to considerable new husiness for many of the extruders.

So far, no detailed study of

So far, no detailed study of the effectiveness of the cam-paign has been carried out, but extruders are convinced it has been helpful. Certainly, the production figures would suggest that this is the case. Depoite the sharp decline in the home improvement market, the overall tropped of aluminature. overall tonnage of aluminhum used in extrusions has dropped only slightly from 170,000 tonnes in 1983 to about 165,000 tonnes last year. Extruders also point out that

they face an annual erosion of

BY WILLIAM DULLFORCE

Diversification plan brings change in role

THE GRITTING of teeth is the market. No target has been lines. Zaire cancelled the con-almost eudible in Alusuisse's fixed but there has been talk of tract st the end of June. trim and austere, aluminium taking roughly a quarter from clad headquarters by the lakeside in Zurich, where The essessment ochind this determination is the order of appraisal is that aluminium

determination is the order of the day for management.

The determination eims at adapting the last European aluminium producer remaining wholly under private control to be increasingly volatile and persevering in the face of financial constraints with a diversification strategy that bas already fallen behind schedule.

Teeth were gritted harder in adapting is that aluminium prices will not return to former bigh levels and that with the coming on stream of large, new smelters in Brazil, Venezuela and the Middle East there will always be enough output to provide Alusuisse with its marginal supplies at a reasonable price.

Capacity has already been trimmed under the restructuring programme starled in 1982.

already fallen behind schedule.

Teeth were gritted harder in The nominal capacity of the grup's smelters was put at figures showed that the optimism generated by last year's profit recovery had been premature and that 1985 net variety would be lower than forecast.

Trimmed under the restructuring programme started in 1982. The nominal capacity of the group's smelters was put at 877,000 tonnes a year in the 1984 annual report, leaving Alusuisse in sixth place in the world league.

The letest official figure is grouped to the restructuring programme started in 1982. The nominal capacity of the surface of the same of the restructuring programme started in 1982. The nominal capacity of the group's smelters was put at 1984 annual report, leaving the same of the same o

premature and that 1985 net earnings would be lower than forecast.

Hard-pressed management drew consolation from the belief thet the restructuring programme of the last three years has left a fitter Alusuisse, whose vital parts are oot likely to be damaged by this year'e sethack. There is no intentiou of changing present strategy.

Important changes bava occurred in the last decade.

strategy.

Important changes bava

occurred in the last decade.

The first was the annoucement in 1975 of a diversification campaign to reduce the share of aluminium to only half consolidated sales by Alusuisse's centenary in 1988.

Centrated in Europe, where is west German smelters can produce 197,000 tonnes a year and it has substantial capacity in level and Norway and smaller plans in Italy and Austria.

Looking to the 1990s and beyond, the management forecast the need for new cheaper centenary in 1988.

centenary in 1988.

The second, more recent change has stemmed from the recognition that Alusuisse can no longer sustain its proud image of being a fully integrated producer, generating its own requirements of primary aluminium.

beyond, the management foresees the need for new, cheaper smelter capacity but it is almost certain that this will be built in partnership with other producers.

The project in Zaire, in which Alusuisse was the constraint leader, has fallen apart, following delays on the govern-

It was decided that the future Alusuisse would buy part of the primary aluminium it needs on facilities, roads and power

following delays on the govern-

asked Alusuisse to take part in evaluating a project for e new smelter of around 200,000-tonne capacity et e site on the St.

Lawrence river and at present the management, would appear to favour new prodoction in After the settlement of a dis-

pute with the Icelandic Gov-ernment, plans have been revived for an expansiou of capacity at the Isal plant out-side Reykjavik but Alusuisse would want a new partner to be brought in, to take the extra output, if that project should

The diversification strategy pursued by Alusuisse over the past 12 years belped the group to triple sales but not every takeover provad to be successful and acquisitions resulted in a leap in deht.

The management can claim, however, that the Lonza chemicals company and the Maremont automotive parts business in the U.S. supplied important contributions to cash flow in 1981-83, when aluminium was sustaining losses, and the board remains convinced that diversification is in principle the correct course.

Last year aluminiom still accounted for 65 per cent of consolidated sales with chemicals providing 1g per cent, Maremont 14 per cent and the remaining 3 per cent coming from the small engineering division.

Alumisse's present financial

Alusuisse's present financial situation would not allow it to put up the cash to buy another Lonza, so that the target of expanding the chemicals side to about 30 per cent of group turn-over is not likely to be reached

over is not likely to be reached quickly.

The consolidated long-term debt was SwFr 3.37bn (\$1.57bn) at the end of 1984 against shareholders' equity of SwFr 2.64bn but the debt has been stahilised for the past two years. A substantial reduction in dollar borrowing was effected in 1981 and 1982, when loans were switched into other currencies.

unusual course by conservative allow Dr Bruno Sorato to be Swiss standards of writing up come chief executive.

1984 Performance

	SwFr b
Consolidated sales	8.34
of which:	
- Aluminium	5.42
Chemicals	1.53
Maremont	1.15
Engineering	0.24
Shareholders' equity	2.64
Long-term debt	3.37
Short-term debt	1.00
Cash and equivalent	0.54
Inventories	2.07
Current assets	4.14
	SWFFE
Cash flaw	587
Net earnings	169

the value of its banxite rights at Gove in Australia, to create restricted reserve SwFr 700m.

cover the costs of restructuring the aluminium business and had SwFr 128m left at the end of last yeer. A further with-drawal from the reserve will be needed this year,

The restructuring programme, scheduled to take five years, has entailed the closing of inefficient and loss-making plant, the reduction of inventories at all stages and cuts in overheads, notably at head office. Employers declined in number from 45,000 in 1980 to 35,000

last year. In a more offensive spirit the programme has led to a drive for new products and a better marketing approach in line with the industry-wide recogni-tion that profits are now to be found not in producing primary aluminium but in developing finished products and applica-tions for consumers.

At the management level research and development has been linked more tightly with marketing, a change symbolised by the eppointment to the executive board of Dr Adnan Odok, the head of research, and giving him also research, little giving him also responsibility for marketing. One success registered at the

One success registered at the product level was the supply of large extrusions for 700 new carriages for the Paris Metro, Alusuisse is now partnering two British groups bidding for a similar London underground contract and believes that in the support fold including the transport field, including trucks, it has found an expand-

ing market.
The switch to a marketing emphasis was symbolised, at least in the eyes of the Swiss media, when Mr Emanuel Meyer in 1982 resigned as chief executive after nearly 20 yeers Anslysts were critical when and the post of chairman/ Alusuisse in 1982 took the chief executive was split, to

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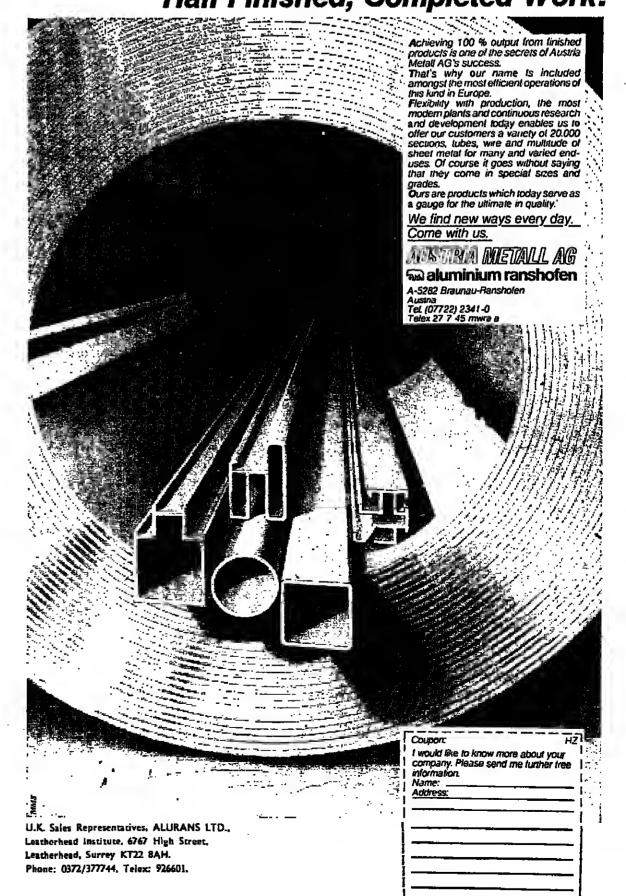
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ASV's Profits

Big retailers call the tune in the UK

Packaging TONY JACKSON

PACKAGING, aluminium industry, is a vitally important and inherently per-plexing market. As in the importance, the figures speak for themselves. Of the 240,000 tunnes of rolled aluminium used in the UK annually, around 66,000 tonnes, 28 per cent, are accounted for by cans or closures. Of the 55,000 tonne market for aluminium fail. packaging takes all but 7,000

The perplexing nature of the market has to do with the immense changes taking place in packaging itself. Packaging companies agree that the pace of substitution between various materials—metal, glass, plastic, board—is faster now than they have ever known. This, in turn, is above all the result of the revolution which has taken place in retailing in the past

The concentration of power in the hands of a few big retail chains such as Tesco and Sainsbury has put immense pressure an suppliers. For food and drink manufacturers, the installation of packing lines is a maintain pressure and requests. major investment, and requests from retailers for innovative forms of packaging were formerly resisted as an unwar-ranted cost. Now, however, the hig retailers bave the kind of market share which enables

them to call the tune.

It may not be a coincidence that 10 years agn beer and soft drink cans were almost all made of timplate. Since then, aluminium cans have made steady inroads, and last year for the control of the control of the can be can be control of the can be can be control of the can be can be control of the can be can be control of the can be control of the can be control of the can be can be can be control of the can be for the first time accounted for 50 per cent of the market.

Aluminium is a more expensive material than tinplate, even if it may save manufacturers something by causing less damage to tooling equipment. Retailers tend to prefer aluminium for its lightness and

has become familiar throughout the packaging industry in recent

years.
With aluminium and timplate now neck and neck in the diships can market, both sides are dug in for a long battle. The aluminium industry, though, has hopes of one big long-term advantage—the environmental issue, and the recycling that goes with it.

Recycling is not yet a major

Recycling is not yet a major issue in this country, but it looks set to become one. In several European countries, there is pressure to limit the use of plastic in packaging. In West Germany, local authorities recently called on the Government to ban entirely the use nf PE (polyethylene terephthalate, the fast-growing clear plastic used as a glass sub-stitute) for Coca Cola bottles.

For recycling purposes, aluminium has several advantages over timplate. First, it is a pure rather than composite material. Second, it is inherently more valuable as scrap, being worth between £400 and £500 a tunne, or 1p per can. Third, all drinks cans have aluminium ends. Steelmakers are working on developing a steel-based can end, but seem several years away from com-

mercial production.

The chief problem with recycling is that of gaining critical make a collection system aging, growth ecmomic. Alcoa of Great more uncertain. Britain launched a scheme three Aluminium fui years ago called "cash-a-can," but it supped and was stopped.

year totalled 1.9hn, it is at least country could reach the 50 per cent level seen in the U.S., where aluminium has a 90 per cent share of the drink can

nn a trial basis in half-a-dozen losing g Safeway stores in the Midlands markets, this September. These machines, familiar to the U.S. shopper, give out in return for each



at the checkout.

It is significant that a hig retailer should be helping tha plan nut in this way. The environmental case against packaging is lass developed in this country than in many parts. this country than in many parts of Europe, or in the U.S. But few in the packaging industry doubt that it will gather strength. When it does, the retailers will be an obvious target for pressure and they are in a

tailers will be an abvious target for pressure, and they are in a position to pass that pressure on the their suppliers.

With packaging averall, drink cans are still the aluminium industry's main source of growth. Even if aluminium's share of the market is not further extended, the market is considered. mass — nf having enough of still growing at around 2 per the material in circulation in cent a year. Elsewhere in pack-make a collection system aging, growth. prospects are

Aluminium fail - defined by the manufacturers as being under 0.2 mm in thickness — is Since, according to the used in packaging mostly in the Aluminium Federation, alumiform of household wrapping nium cans used in the UK last foil, a market which has shown year totalled 1.9hn, it is at least modest growth for some years, possible that reclamation in this For full used elsewhere in packaging, prospects are more mixed.

One use which seems certain to decline is milk bottle tops. In the milk market, glass bottles a collection system, reverse system of donrstep delivery by vending machines were installed milkmen, and that are essentially tied to the packaging materials—glass and system of donrstep delivery by milkmen, and that system is The adaptability of plastics is losing ground to the super-seemingly endless; even in the

The cardboard carton has drinks cans, there is a warning doubled its share of the milk note. In a number of states in finish. There is, however, little give out in return for each market in the past six years, the U.S., Coca Cola has just lisers, chemicals and petroleom, tackle it as it is, the two evidence of their paying for the aluminium can a 1p receipt to nearly 19 per cent, and the started test marketing of cans. as well as light meals — were find separate solutions, difference — a situation which which can be swapped for cash plastic bottle has come from no- made — yet again — of PET, cited by Norsk Hydro as a Now, for ASV, two

Reassessing the future

Krow ASV's Sales

62-5%

THE GLARE of media publicity which surrounded recent negoabout a between Norway's two largest aluminium producers - Ardal og Sunndal Verk (ASV), and og Sumulat Very (ASV) and Norsk Hydro — was one reason why the talks failed. This is the view of Mr Haakon Sandvoki, ASV's

PROFILE: ARDAL (ASV)

Sandvold says the bargaining
— which ended, last April, in
at least temporary deadlock—
should have been conducted
behind closed doors. He will
not comment on the chances that it may be resumed, but says ASV's management has says ASV's management has spent the summer discussing various possible ways of achieving the group's main goal—securing markets for the primary aluminium which is its major product. "A reassess ment of the future," is the way he describes it.

he describes it.
The state-owned ASV, Norway's largest aluminium producer, is vulnerable to the fluctuations of the world aluminium market because it is so big in primary aluminium, in relation to its other activities. Its downstream operations, in Scandinavia and

the UK, still absorb only about 27 per cent of its metal output. The latter reached 368,000 tonnes in 1984.

to warm up television dinners. The market for ovenable trays is likely to come under threat from PET—a remarkably versatile plastic, which besides its clear glass-like qualities also has enough heat resistance for use in ovens. In the trozen food market, demand for foil containers looks set to increase in the near future. But in tha packaging market it is never safe to underestimate the Nursk Hydro, with output last year of 160,000 tonnes, is somewhat better placed — its somewhat better placed — its own extrusion plants in Europe and the U.S. take about 45 per cent of the aluminium divisium's metal. Moreover, Hydro's light metals group has second leg to stand on magnesium.

Good profits from magnesium sales in the first half of this year more than offset weaker prices for aluminium, and the light metals segment lifted profits to Nkr 459m (\$57.8m) 1982, when Europe's plastics' makers made collective losses of several billion dullars, the in the six months, compared with Nkr 405m in the same plastics industry has looked to period of 1984. packaging as its main hope for near-term growth. This has

ASV's eight-month report, in contrast, is expected to show profits down on last year. For 1985 as a whole, the concern is now forecasting a pre-tax result on around Nkr 400m — less than a third of the record 1984 figure (Nkr 1,020m), although still the second best result in its history. The pattern of widely fluctuating profits - losses, in some years - seems set to continue.

apparently secure market for The advantages of belonging tn a concern involved in highly diversified activities — ferti-

reason for not hiving off its inptions appear to be open. Ona is a co-operation deal with n major aluminium group within the EEC—main market for the aluminium activities to create aluminium activities to create a new company owned 50/50 by itself and ASV — the solution favoured by the latter. Instead, it wanted to buy a 90 per cent stake in ASV and bring it under the Hydro corporate umbrella. Then, it pointed out, Hydro's inher sectors could "carry" aluminium during the metal's almost inevitable bad years, now and then.

now and then. Although both concerns recognised the benefits of joining forces and although the Government (which owns a controlling stake in Hydro) was urging them to reach agreement, the issue of ownership structure proved insuperable at any rate for the time being.

Even if a Hydro-ASV merger had been achieved, the problem of finding secure nutlets for enormous tonnages of metal would have remained. A part-nership would perhaps have

concern's primary metal. This could raise political problems if, as is quite possible, the pros-pective partner should demand a stake in ASV in exchange for Much comroversy surrounded the sale of a 50 per cent stake in the group to Alcan, in the 1960s. It was felt inappropriate that a multinational should

benefit from investments funded by Norwegian taxpayers—nut to mention Norway's cheap hydrn power. The buy-hack was com-pleted—many claim at a loss to Nmway—only six years ago.

Another possibility would be to buy downstream facilities in potential markets. The cash is there; after last year's record profits, liquid reserves are des-cribed as "ample," although the group will not put a figure on

queer of aluminium profile. The company, with two manufacturing plants (in Scotland and England), a workforce of 330, and turnover last year of nearly 230m, makes 15,000 tonnes of profiles annually—a modest, but welcome additional market for ASV's primary metal. ducer of aluminium profile. The

ASV's primary metal.
While the concern's downstream activities take less than a third of its metal production, they accounted last year for almost 40 per cent of its total sales and employed around 3,000 nf its 7,000 labour force, in Norway and abroad. Wholly-owned offshoots in Norway. Sweden, Denmark and the UK. make a wide range of semi-finished and finished products. The latter include aluminium

The latter include aluminum cargn containers, road signs, motor car wheels, cladding for buildings (including offshore platforms), kitchenware, foll, tubes and spray containers. In addition, ASV has stakes of from 45 per cent to 55 per cent in three Nurwegiau companies making respectively, high tenbeen in a stronger position to One such purchase was making respectively, high tentackle it as it is, the two must finalised in April this year, sion cables, aluminium profiles find separate solutions.

Now, for ASV, two main Aluminium, a leading UK prosenger ferries.



where in three years to grab

Foil is also used in food packaging, both for frozen food and what are called by the trade "ovenable trays" — that is, the beat-proof semi-rigid containers which can be put in the oven to warm up television dimers.

safe to underestimate the plastics manufacturers.

Since the grim years of 1980-

meant a burst of innovation in

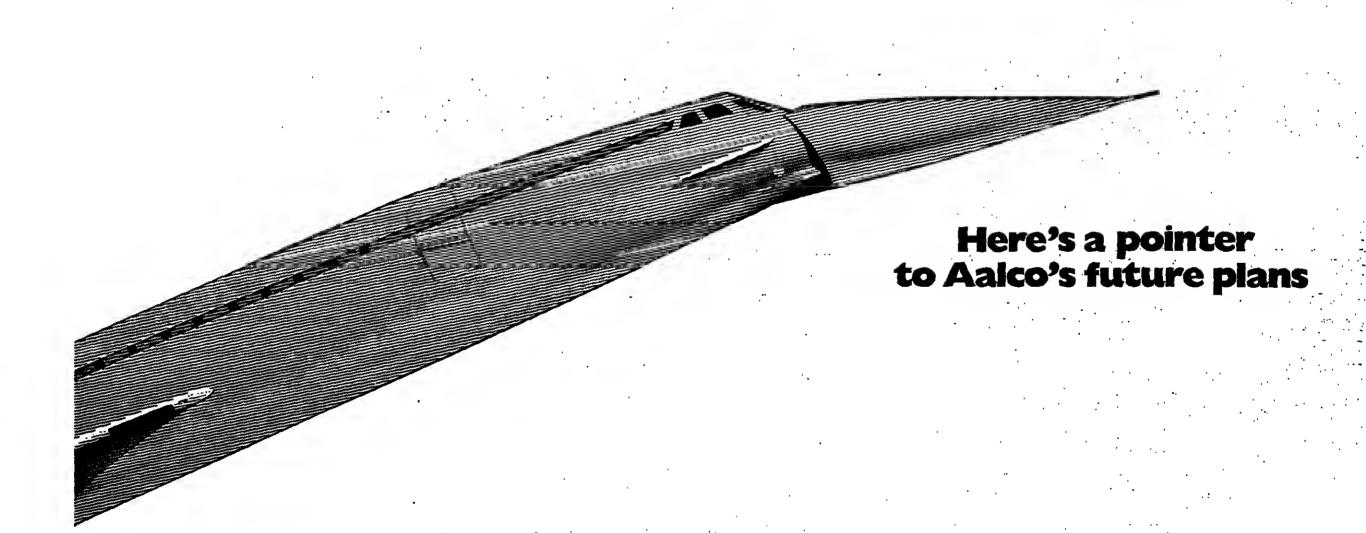
new materials, and also com-binations such as co-extruded plastics which offer improved

Across the whole range of packaging, this is the higgest

long-term threat to traditional

harrier properties.

another 2 per cent.



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next five years. So, wherever there are new opportunities you can be sure that Aalco will be pointing in the right direction.





SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday October 30 1985



KKR lifts buyout offer for Beatrice to \$5.12bn

BY PAUL TAYLOR IN NEW YORK

KOHLBERG Kravis Roberts junction with the cash to \$7-a-share cosmetics, Playtex underweat (KKR), the Wall Street investment firm, yesterday sweetened its cashand-paper leveraged buyout bid for and consumer products group, by \$2 a share to \$47 a share, or a total of

KKR had been widely expected to improve its original \$45-a-share or \$4.91bn offer for Beatrice, made two weeks ago after Beatrice'a board unanimously rejected the bid, terming it "inadequate and not in the best interest of Beatrice

Under the terms of the revised offer, the \$40-a-share cash element of the bid remains unchanged but KKR has raised the value of pre-ferred stock to be offered in con-

Downturn for

Mitsubishi

By Yoko Shibata in Tokyo

per cent and the dividend is none

the less being raised to Y4 from

Sales of consumer products rose

by 12.1 per cent to account for 30

per cent of the total turnover, help-

ed by strong demand for air condi-sioners and television sets. Industri-

al products and automotive equip-

ment sales increased by 9.2 per

tion systems and electronic devices sector experienced a 13.1 per cent.

fall to account for 29.6 per cent of

the total turnover.

Exports dipped 4.2 per cent overall to represent 27.6 per cent of all

Oki suffered a fall of 44 per cent

in pre-tax profits to Y4.21bn, while

at the net level earnings were down

Schindler buys

Elevator stake

SCHINDLER, the Swiss lift manu

facturing group, has bought a 30 per cent stake in Nippon Elevator In-

dustry of Japan. The move marks its first venture into the home terri-

tory of some of its keenest competi-

tors on the world market, such as Mitsubishi, Hitachi and Toshiba.

trading group with which Schindler

has been co-operating in its drive into Far Eastern markets, simul-

taneously bought 10 per cent of the

Nippon Elevator is a small pro-

ducer and has no exports. However,

Schindler, the world number two

lift manufacturer after Otis of the

U.S., plans to make it a bridgehead

for introducing its latest sophisti-

cated equipment to the Japanese

The Swiss group, which has annual sales of about \$880m, set up a

joint venture in China five yeas ago.

It has bought its way into a sub-

stantial part of the Australian mar-

ket and also does business in Hong Kong, Singapore, Malaysia, Taiwan and the Philippines.

are being disclosed.

Jardine Matheson, the British

34.1 per cent to Y2.15bn. Sales to-

Italled Y178.19bn, up 3.4 per cent.

previous year.

Nippon

Its information and communica-

* Electric

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44

- 2002gg

72.5

1.5

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from \$5 a share for each of Beatrice's 109m outstanding shares.

Samsonite luggage, the Swift/Hunt trice's 109m outstanding shares.

Wesson food business and Avis can trice's 109m outstanding shares. In the immediate aftermath of hire. the initial KKR bid. Wall Street would be forced to raise the offer if

before rejecting the initial KKR of-fer that it could expect the bid to be raised, perhaps to between \$48 and S50 a share. That would be more in line with most estimates of the break-up value of the conglomerate, whose brand name products include Tropicana orange juice, Max Factor Beatrice, disclosing the raised KKR bid yesterday, said its board would meet to consider the new offer but gave no details of the timing of such a meeting.

Wall Street analysis have also plated that the investment firm noted that Beatrice's rejection of the initial KKR bid was couched in it were to win Beatrice board approval - or head off a possible rival bid from elsewhere.

terms which appeared to innite a higher offer. If the bid were accepted, key Beatrice managers would Beatrice's board, which is being be offered an equity state in advised by Salomon Brothers and new private company under the chairmanship of Mr Donald P. Kel-

Beatrice, disclosing the raised

Aborted merger puts TWA into the red

BY TERRY DODSWORTH IN NEW YORK

MITSUBISHI ELECTRIC and Oki TWA, the U.S. transatlantic airline Electric, two Japanese communica that was recently acquired by an investor group led by Mr Carl lcahn, fered profit falls in the half-year to lost money in the third quarter be-September, affected by the slide in cause of a \$42.9m charge against world semiconductor prices and the yen's sharp appreciation. the termination of its merger agreement with Texas Air.

Parent company pre-tax profits for Mitsubishi Electric declined 19.4 per cent to Y28.25bn (\$132.6m) and of \$91.3m, or \$2.61 a share, against earnings of \$91.3m, or \$2.61 a share, in 1984. net earnings were 14.7 per cent low-er at Y12.28bn. Turnover of dends the loss increesed to \$19.5m. dends, the loss increased to \$19.5m, Y882.54bn showed an increase of 0.9 against net profits of \$85.2m last

Operating revenues increased marginally to \$1.08bn, compared with \$1.06bn in the same quarter last year, while over the first nine months, revenues increased to \$2.89bn from \$2.69bn.

Nine-month losses amounted to \$87.8m. or \$2.57 a share, after the payment of preferred dividends,

Mr Richard Pearson, president, said that in addition to the impact of merger-related activities, the third-quarter figures were harmed by concern with terrorist activities overseas, while domestic revenues were diluted by industry discounts and traffic softening.

He added that cost reductions resulting from agreements with several of TWA's unions would help to return the company to "substan-tial profitability" in 1986, but said there would also be a substantial

Agreements on reducing wages and streamlining working practices were part of a deal arranged between Mr Icahn and the unions representing TWA pilots and technicians in return. Mr Icahn backed ment of preferred dividends, the takeover of the group, thwart-ninst a profit of \$41.2m, or \$1.27 a ing the alternative offer from Texas are last year.

Air, which the unions opposed.

Stronger exports boost Nissan profits by 7%

BY CARLA RAPOPORT IN TOKYO

For the full year to next March, the company is forecasting pre-tex profits at Y60bn, down 23 per cent, and net earnings at Y26.4bn, down 23.6 per cent, on immover of Y1,890bn, up 2 per cent from the Y1,890bn, up 2 per cent from the September, largely because of in-

pre-tax profits were up to Y86.5bn from Y80.9bn last year. Net income was 3 per cent ahead at Y42.8bn

against Y41.6bn. m the six months, up 10.8 per cent Y220 to the dollar.
over the same period last year but Nissan's overseas vehicle producdomestic sales were unchanged at tion rose 27.3 per cent in the half Y627bn. Exports overall for Nissan year to 156,462 units from 122,868. were up 8 per cent, while domestic

sales were almost static.

Operating margins improved Italian plant showed a 70 per cent slightly in the half-year to 2.62 per drop in production.

creased exports.

The company's sales increased by 6.7 per cent to Y1,939bn (\$9.1bn) and pre-tax profits were up to Y86.5bn Y150bn and Y155bn at the pre-tax level. It expects the sales to be up 6 per cent at Y3,830bn.

Nissan says it plans to raise ex-Vehicle exports topped Y1,000bin port prices if the yen remains below

The main increases were at the

Doubt over Siemens' bid for vehicle parts group

BY JOHN DAVIES IN FRANKFURT

trical and computer concern, is seeking to take control of Pierburg. So far, the cartel authorities have Nippon Elevator stock. No prices which makes carburettors for mo-tor vehicles, but it is not clear whether the deal can go ahead.

not officially given their view of the proposed takeover, but it is thought that they might block a deal that The deal appears to hinge on whether Robert Bosch, the motor vehicle components group, would

be willing to sell its 20 per cent stake in Pierburg. Pierburg, based at Neuss, near Düsseldori, has annual sales revenue of about DM 500m (\$189m).

Siemens is understood to have reached basic agreement to buy out the Pierburg family members who own about 80 per cent of the busi-

It has also applied to the Federal agree to sell

STEMENS, the West German elec- Cartel Office in Berlin for approval

would make Siemens and Bosch partners in Pierburg. It is understood that a 100 per cent takeover by Siemens would have more chance of Cartel Office approval. Siemens has indicated it is hopeful of buying out Bosch as well as the Pierburg family. But Bosch said

yesterday that no negotiations be-tween it and Siemens had taken Bosch declined to comment fur-

ther and it is not clear that it would

Xerox in loss after \$164m charges

By Paul Taylor in New York

XEROX, the U.S. office equipmen group, yesterday posted a \$15m, or 28 cents a share, third-quarter loss after taking previously announced charges totalling \$164m related to the restructuring of its Crum and Forster insurance subsidiary.

The loss compares with net earnings of \$81m or 72 cents a share in 1984 and follows the announcement of measures to strengthen the in surance operations, including bol-stering the reserves of one Crum and Forster unit and phasing out the financial guarantee operations

Third-quarter revenues grew marginally to \$2.12bn from \$2bn a

For the first nine months, Xerox's net earnings were \$319m or \$2.95 a share, up from \$313m or \$2.79, in the 1984 period on revenues which increased to \$6.21bn from \$6.02bn.

Mr David Kearns, chairman and chief executive said income from the group's reprographics and infor-mation systems business increased by 15 per cent in the third quarter to \$71m from \$62m.

He said there had been "good marketplace activity" in the quarter and that operating profit margins substantially improved as a result of a significant increase in sales of copier/duplicator equipment and productivity gains.

Crum and Forster produced \$7m in income from continuing operations in the third quarter - excluding a \$67m charge related to strengthening the reserves at the insurance subsidiary's I. W. Biegler unit - and \$35m in the nine-month period compared with \$4m and \$18m in the respective 1984 periods.

Setback for German banks leasing unit

By John Davies in Frankfurt

DEUTSCHE Anlagen-Leasing (DAL), the West German leasing concern, is making further substantial risk provisions in a new setback for its bank owners.

Its 1984 accounts are not yet complete, but risk provisions are expected to reach about DM 300m \$113.6m).

This comes on top of heavy write offs and risk provisions in the previous two years, when DAL reported net losses totalling more than DM

Until recently, it was thought that DAL had overcome its problems, which have had considerable reper-

The latest blow is attributed to a worsening in the likely value of some leasing assets, as well as

problems in operations abroad. DAL's shareholders Westdeutsche Landesbank (WestLB) (30 per cent), Landesbank Rhein-land-Pfalz (26.6 per cent), Bayer-ische and Hessische Landesbanks (16.7 per cent each) and Dresdner

Bank (10 per cent).

The DAL crisis led to the abrupt departure of some of its top managers two years ago. Soon afterwards DAL and other problems touched off the departure of two board

members at West LR The head of Landesbank Rheinland-Pfalz resigned last year after DAL became a local political issue. DAL's owners have been forced to step in to cover its losses, al-though their individual burdens are based not just on their share stake but also on the extent to which they

Texas Instruments

have been involved in particular leasing assets, which have lost

THE total workforce of Texas Instruments is 78,000, not 7,800, as reported on October 28 because of an

Dismay at D-Mark calendar

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

NEWS of a record DM 7.475bn calendar of new foreign bonds in November sent an already weak D-Mark bond market reeling yesterday, with traders saying the amount was far too much for the

market to absorb at e profit. The Bundesbank announced that 36 issues were planned, including 23 fixed-rate bonds for a total of DM 3.615bn, nine floating-rate notes for DM 3.55bn, as well as two zero-coupon issues, one dual-currency bond and one bond with warrants

volume would inevitably include is-sues by weaker names as well as from regular borrowers with wbom the market is already sated, making the paper even harder to place.
Publication of the calendar also unleashed a wave of criticism against the Bundesbank, with claims that it has lost control over

the market since the liberalisation asures introduced in the spring. However, Prof Claus Köhler, a Bundesbank director responsible for the capital markets, said be was still happy with the notification system now in operation. Germany could afford to export capital because of its current-account payments surplus and there were no reasons of monetary policy to limit new issue activity, he said.

bonds rallied yesterday for the first time for seven sessions, but dealings remained volatile and restricted largely to securities houses, Our Financial Staff

The benchmark 68th 10-year issue which carries a 6.8 per cent.

coupon, closed 93 basis points It was up to the banks themselves to decide whether they bad the Fears abounded that such a large placing power to launch so many is-

> But bankers believe such a large volume of new issues is bound to drive up yields on foreign bonds. Al-ready yesterday the Inter-Ameri-can Development Bank launched e DM 250m, seven-year issue bearing

A new reference coupon of 7 per

higher at 101.89. At that level, it yielded 6.47 per cent, against the previous day's 6.63 per cent.

Selling pressure also eased in the new bond futures market, although the December contract continued 88 basis points lower to 95.75, where it yielded 6.71 per cent compared with 6.56 per cent.

chiku, the Japanese meat importer, which is led by Bayerische Vereinssues. Theoretically there was no reason why the market should not absorb them, provided they were bank, with an indicated coupon of 3 launched at proper market rates, he

a coupon of 7% per cent at par through Deutsche Bank.

cent has also been set in the domes-tic market with the launch of a DM Om issue for the federal railways. In the secondary market, prices fell yesterday by about a full point with some recent issues now trading at heavy discounts of three or fnur points. Also launched yesterday was a small DM 30m, five-year ue with equity warrants for Zen-

also generally weaker, especially paper and bears interest at 10% per the European currency unit sector, cent over seven years with an issue where the EEC is raising Ecu 100m price of 100%. over eight years through an 6% per cent bond at par led inintly by Deutsche Bank and Dresdner Bank, Dealers in Switzerland said prices there were crumbling and the latest issue from the IADB shed Algemene Bank Nederland, as well a further 'h point on its second day as a LuxFr 300m private placement of trading. Philips Lamp launched a for Astra Pharmaceutical Products,

tention continues to concentrate on floating-rate issues, with two more launched yesterday. EBC-Amro made its debut under its new name with a \$125m, seven-year issue for European American Bank, which bears interest et a margin of Via over three-month Libor (London interbank offered rate).

Istituto Bancario San Paolo di Torino launched a \$100m seven-year issue through Morgan Stanley carrying interest at 1/4 per cent over the three-month Limean or mean of the bid and offered rate for interbank deposits.

A lone fixed-rate issue came from Gibraltar Savings, the U.S. savings and loan institution. Nomura is leading the \$115m bond, which is Other continental markets were collateralised with U.S. government

cluded a Fl 200m, 10-year issue for the European Investment Bank with a coupon of 7.25 per cent and open issue price through Amro and SwFr 200m, 12-year issue at 5% per guaranteed by its Swedish parent cent and par through Swiss Bank The five years and five months pa-Corporation.

By contrast, the dollar sector recovered slightly, although, there, at Generale as lead manager.

Japanese robot maker shows 22% advance

BY YOKO SHIBATA IN TOKYO

the half-year to September.

Reflecting rapid automation in the machine tool industry, Fanue's mainstay products fared well. Net profits for the parent company were 21 per cent higher at Y14.76bn, on turnover of Y90.46bn, up 32.9 per

On a per-share basis, net earn-ings were Y95.77 compared with Y111.65, reflecting the conversion of

"Sales of its computerised machine tool systems rose 28.6 per with General Motors of the U.S.

FANUC, the Japanese maker of machine tool systems and industrial robots, lifted pre-tax profits by 22.7 robots, lifted pre-tax profits by 22.7 all sales. Indirect exports, through Japanese machine tool makers, rose 18 per cent, taking the total to 40.7 per cent. The company in-creased its dividend by Y1 to Y7.50.

In the half-year to March 1986 Fanuc sees a slowdown in demand for its numerically controlled machine tool systems, as its customer manufacturers begin to suffer the negative impact of the yen's steep appreciation. However, robot sales to GM Fanuc Robotics are expected

to grow.
Fanne's capital outlay for the full year its intended to total Y36bn, incent to account for 80.4 per cent of cluding a Y25bn investment in a total turnover. Robot sales jumped second robot factory. This is expect-68.3 per cent, representing 11.6 per ed to increase the depreciation burcent of the total - a rise attributable den to Y6bn for the full year. The chiefly to vigorous orders from GM company says it will maintain its Fanue Robotics, its joint venture pre-tax profit-to-sales ratio at 35 per

Pirelli and IBM to make security systems

BY ALAN FRIEDMAN IN MILAN PIRELLI and IBM are to launch a The idea is to take into the new

50-50 joint-venture company in the company Enrico Boselli's security security systems sector. The leading Italian tyre and cables group search and installation of services said yesterday the initial capital of such as fire detection, energy conthe company, to be called Boselli sumption control and office build-sistema, would be L&bn (\$4.5m).

"We intend to supply cable technology, making use of our fibre-optics expertise, and IBM will propose the sum of the su

ture, which will aim initially at the volved in data transmission. Italian market and later at a broad-

vide the dats-processing side of the

er European market. The venture, between Pirelli's in Litel and David Systems in the Italian operating subsidiary – U.S. and Focom Systems in the UK. Industrie Pirelli – and IBM Italia, The overall Pirelli strategy is to will incorporate most of the activities of a Pirelli security systems di- last year accounted for 43 per cent vision called Enrico Boselli. That of aggregate group turnover of business had turnover of about 16,800bn beyond manufacturing L10bn last year.

tems that it had been developing. business," Pirelli said.

The two multinationals will asstates in a number of U.S. and Britsign 130 technical staff to the vensian fibre-option cable companies in

> Those include share acquisitions expand its cables business - which and into applied systems.

All of these securities having been sold, this announcement appears as a matter of record only.



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October, 1985

Matra warns on cost of restructuring

group, says group profits may fall this year because of the continued

parent company achieved a net company Solex, as well as in comprofit of FFr 32m (\$4m) because of a puters and components.

equal to last year's.

math company action of FFr 32m (\$4m) because of a puters and components.

tax credit of FFr 43.9m under the "carry back" regime which allows erated from restructuring might der pressure on the Paris bourse companies to impute past losses

Although the company gave no

MATRA, the French state-con-figures for the consolidated group, trolled defence and electronics it said in a communique that sub-group, says group profits may fall sidiary companies were generally defence activities concentrated on this year because of the continued cost of restructuring parts of its diversified operations.

First-half figures show that the smarry companies were generally connected on improving. Better performances the parent company. Results have repeatedly fallen short of projections by M Jean-Luc Lagardère, the worse results at its car electronics.

bring fresh burdens at the end of during the last few days. Matre disagainst their present tax liabilities

The Matra parent company turnover fell to FFr 2.4bn from FFr

made net profits of FFr 68.5m on lows of FFr 34m in 1983 and FFr turnover of FFr 13.7bn. Matra has been struggling with FFr 100m earlier forecast

23m in 1982, fell well short of the

Last year's results, like the firsthalf parent company's performance this year, would have been a loss but for substantial "carry back" tax credits. The company, which has suffered

from too heavy diversification in the past, is trying to concentrate on the military, space, telecommunications and components sectors. In the latter sphere, its joint semicon-ductor subsidiary with Harris of the U.S. has been performing below expectations this year. Matra has been trying to shed pe-

Norway's Oil Bank

As Norwegian energy reserves are so substantial, petroleum business is of great importance to the country's economy. Union Bank of Norway has all the experience and expertise of project finance for the North Sea, as well as managing and underwriting syndicated loans and new issues. Contact in Norway Carl Erik Haavaldsen or Tom Fronth-Mathisen.

Norway's Capital Markets **BANK**

UBN are active as managers and underwriters in Eurobonds in Kroner and other currencies, Government Bonds and Viking Bonds - the last of which we originated. Overall our role in the Euromarkets is a vital part of the growing internationalisation of the Norwegian Banking industry. Contact in Norway Per Hagen or Morten Engebretsen.

Norway's FOREIGN EXCHANGE BANK

We offer a complete range of asset and liability management services. This includes currency options, financial futures and interest rate and currency swaps. We are also the main supplier of foreign currency to the savings banks, a role that has increased both in size and importance as the banks themselves have grown. Contact in Norway Geir Bergvoll or Bjørn Kaaber.

Norway's INVESTORS' BANK

The Norwegian Stock Market has outperformed most stockmarkets over the last few years. UBN has one of the biggest stock exchange departments in Norway and is well equipped to take care of your equity transactions. We also have a leading position in domestic bond issues and secondary market trading in bonds. Contact in Norway Knut Orbech or Stein Jodal.

Norway's New Bank

Union Bank of Norway was created on 14th October by a merger between Sparebanken Oslo Akershus and Union Bank of Norway Ltd. (Fellesbanken A/S). We are one of the "big four" in Norway with total assets of U.S. \$4.0 billion. The new bank will also be the central bank to the more than 200 savings banks in Norway with a unique network of more than 1,300 outlets all over the country.

London: Senior Representative Malcolm Stuart Allen. Tel: 01-248 0462. ■ New York: Representative Arthur L. Reisch. Tel: (212) 986-0614. Luxembourg: (Subsidiary) Managing Director Øyvind Parnemann. Tel: 4768731. ■ Copenhagen: Representative Ole Mölgaard. Tel: 451-11 27 33. ■ Helsinki: Representative Fred Sundwall. Tel: 3580-1725239. Stockholm: Representative Hans Wenehult. Tel: 468-7901379.

Head Office: Kirkegaten 14-18, Oslo, P.O. Box 1172 Sentrum, 0107 Oslo 1. Tel: (472) 31 90 50. Telex 19470 UBN BK. Domestic name: Sparebanken ABC.

Union Bank of Norway

INTERNATIONAL COMPANIES & FINANCE

Arco stages recovery after reorganisation

BY TERRY DODSWORTH IN NEW YORK

ATLANTIC Richfield, the U.S. oil crease from continuing operations enced a sharp fall in earnings in the company which has been engaged in a wide-ranging reorganisation, said. By the end of the third quarter, due to takeover-relations that company third quarter, due to takeover-relations and increased interest that the company that company the \$519m a year earlier.

and depreciation costs resulting compared with a profit of \$282m, or from the restructuring.

On a per-share basis, where the

announced a sharp turnround in ter, the group had spent approxi-profits in the third quarter, when it mately \$2.2bn of a planned \$4bn

pared with the loss of \$2.01 a share the first nine months revenues fell in 1984, stemmed from a combina- to \$17bn from \$18.6bn. In the first tin of improved margins, reduced nine months, the company recorded expenditure and lower operating a net loss of \$344m, or \$1.55 a share,

Unocal, the California-based oil

cost on debt raised as part of the defensive action.

repurchase project.

Sales and operating revenues for ed a S91m gain from the sale of asthe net income figures, the equivalent of \$1.98 a share comequivalent of \$1.98 a share comequivalent of \$1.98 a share comcause of the replacement of equity by debt, the average number of shares fell to 116.2m from 173.7m.

Revenues in the quarter rose to \$3.04bn from \$2.85bn, while in the first nine months of the year they increased to \$8.72bn from \$8.57bn. group's performance was helped by company which fought off an atits share buy-back programme, the results reflected a 61 per cent inPickens earlier this year, experifrom \$547m, or \$3.15.

Iscor hit by austerity measures

BY JUM JONES IN JOHANNESBURG

ISCOR, the state-owned South African iron and steel producer, suf-fered a two-thirds reduction in pretax profit in financial 1984-85, even though its steel sales tonnage in-

Steel sales increased to 5.17m tonnes to June 3 1985 from the previous year's 4.91m, largely because exports were increased to 2.31m tonnes from 1.5m tonnes and turn-over rose to R3.12hn (\$1.2bn) from R2.92bn.

Pre-tax profit, calculated after stringent depreciation provisions, fell to R32.8m from R95.7m. Foreign-exchange losses on over-

seas debt were R94m, of which B33m was charged against the year's profits and R51m was deferred.

products fell by 13 per cent as any limitations on sales to America, tenty measures introduced last. Inon-ore exports through Saldar

lowed the company to maintain its

Analysts believe Iscor's iron-ore
steel plants at full-capacity operations.

Mr Kotzee warned that export
markets remained difficult to penenct, and limitations on the size of

trate in the face of competition vessels that can dock at Saldanha. from steel-producing countries Iscor is widely expected to be whose access to the U.S. market among the first parasiztals to be had been limited.

Mr Ploors Kotzee, the chairman, port sales increases, despite quota said domestic demand for steel limitations in Europe and agreed

curbed sales of consumer ha Bay port dropped to 7.9m tonnes from 10.4m tonnes, in part because On the other hand, steel exports low-priced sales made in the previincreased by 54 per cent, which al- one year were not continued.

had been limited.

Nevertheless he believed that the rand's weakness would give Iscor a competitive export edge and allow it to achieve this year's planned exwithout raising taxes.

Asarco reduces debts despite quarterly loss

compares with a debt peak of Equity-accounted results of those

MONDEN Daky product

PHILIPS

ASARCO, the big U.S. smalter and depressed by low metal prices, not-refiner of non-ferrous metals, re- ably for silver, copper, lead and ports a third-quarter loss of \$12.1m, zinc. Smillarly affected have been but its cash flow in the period was the affiliated companies in Australsufficient to allow a further reduction in the total debt to \$489m. That Holdings), Mexico and Peru.

companies for the first nine months Although the latest quarter's loss of this year showed a loss of \$5.3m is below those of the previous two compared with equity earnings of quarters, it still makes a nine- \$26.9m in 1964. The results include month loss of \$52.1m. For the first currency, translation gains of

nonth loss of \$52.1m. For the first currency, translation gains of nine months of 1984 the loss \$17.9m-against \$22.7m a year ago, amounted to \$69.8m and included. Phelps Dodge, the leading U.S. an extraordinary pre-tax charge of copper producer, is still keeping its \$38m, which reflected the decision head above water despite poor to close down the company's copper metals prices. Due to severe costsmelter at Tacoma, Washington.

As with other natural resource sales, the company earned \$6.4m in majors, Asarco's results have been the third quarter

N. AMERICAN QUARTERLY RESULTS

let profits	57.1m 1.11	\$1.2m	Het per share	0.77	0.8
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To develop a body of knowledge with direct application to the gement of assets and liabilities on an international scale

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For Whom Intended The Seminar is designed for upper level management in banking, investment banking, money management, and treasury departments of multinational corporations.

Subjects Covered
Overview of Latest Developments
in International Financial Markets
Asset/Liability Management

Finencial Futures and Interest Options The International Money and Capital Markets

suffer severe setback

A SHARP contraction in personal disposable income has severely af-fected the first-half profits of Edgars, the South African clothing and fashion store chain. First-half sales rose to B342m (\$132m) from R329m in the half year ended September 30 1985. That epresents a real decline of 10 per

cent and led to a 25 per cent fall in operating profit before tax and interest to R24.7m from R33m. The board says recent unrest has particularly affected the trading of the Sales House chain, which mainly serves the black and Coloured communities. The directors believe consumer spending will be slightly better than the poor levels of last year's second half but that the

year's total earnings will be less than last year's. First-half earnings fell to R3.75 a share from R6.12 and the interim dividend has been cut to RL26 from R1.55. Last year as a whole, earnings were R9.40 and a total dividend of R5.15 was paid.

Edgars profits

By Our Johannesburg

DESTINCTE MARK
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Asien Dev Bank 8 94
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Banser Travenot 7n 94
Copenhagen 7n 95
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October, 1985

New Issue

Ville de Laval

Can. \$50,000,000 113/8% Bonds due 1995

Orion Royal Bank Limited

Wood Gundy Inc.

Bank of Montreal

Banque Indosuez

Commerzbank Aktiengesellschaft

Crédit Lyonnais

Daiwa Europe Limited

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Österreichische Länderbank Aktiengesellschaft

Toronto Dominion International Limited

Lévesque, Beaubien Inc.

Algemene Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

Banque Internationale à Luxembourg S.A.

County Bank Limited

Creditanstalt-Bankverein

Genossenschaftliche Zentralbank AG

Vienna. Nederlandse Credietbank N.V.

Société Générale

Westdeutsche Landesbank Girozentrale

SWISS CAPITAL MARKETS

A global move by the Bank

By William Dullforce in Geneva

THE Swiss National Bank raised a bigger dust storm than it expected last Thursday, when it let it be known that it might ease regulations preventing Swiss capial market issues from being made outside the country.

A possible interpretation, not spelt out by the Bank, was that the traditionally insulaed Swiss

The disturbance on Zurich's Bahnhofstrasse and the tartness of some reactions from the banking community forced the National Bank to issue a state-ment promising early clarifica-tion of its intentions. It also

passed the word that it was not planning a revolution.

The Bank's hints had evoked general confusion. At e dinner party in Geneva eight bankers proferred eight different interpretations of the Bank's intentions.

tions.
One dismissed the Bank's winks and mudges as uonsensical and thought they should be disregarded. Another wondered whether he should leave for London immediately to start looking for a house.

In Zurich several Swiss bankers, among them Mr Ulich Grete, Senior vice president at Uniou Bank of Switzerland, warned that if Swiss Francissues were allowed to be made abroad without an accommoder. abroad without an accompany-ing dismantling of the domestic stamp duty on securities trans-actions business would be switched to London.

Many put the National Bank's move in a domestie political context. It was suggested, for example, that Mr Pierre Languetin, the Bank President and a liberal in economie thinking, was trying to force Mr Otto

ing, was trying to force Mr Otto Sticb, the Finance Minister and a Socialist, to stop dilly-dallying over the removal, at least in part, of the stamp duty.

The duty generated SFr 1.45bn (\$670m) in revenue for the Federal Treasury last year, of which some SFr 920m was levied on foreign business. Mr Stich's civil servants want to know how to replace that income before the duty is lifted.
Swiss bankers generally presumed the worst possible case:
that the National Bank would en up the market completely

to foreigners. But the Bank said of Friday that this might not

graduate and allegate resistance and the

i kanc was on the way to becoming a Eurocurreucy like the Deutschemark or the Pound and that a new Eurofranc eector was about to be created in the Eurobond market.

made undermine their controls.

Swiss capital exports requiring central bank euthority totalled SFr 40.6bn (\$18.8bn) in 1984: that incinded bank loans and export credits. A better measure of tha business at stake is the SFr 24.8bn in bonds and notes authorised in the first nine months of this year; although only a minor part of the cate of

The one remaining restriction of any importance stipulates that only banks in Switzerland can syndicate Swiss Franc issues. The market is still dominated by syndicates organised by the big five Swiss banks, although several smaller now a complex, worldwide syndicates have been carving market place. out shares in the past few years. Borrowers' recently enlarged The National Bank perceives

that with the emergence of the global capital market it will

authorities.

"The Bank of England has more to do than to act as a policeman for the Swiss National Bank in this liberalised world." An American banker said last week: "The National Bank knows it cannot go ou relying on other authorities, particularly when its own banks are running around snapping up business abroad." This is not due to any trouble between the traditionally between the traditionally co-operative authorities but to the physical impossibility of checking every move on what is

Borrowers' recently enlarged appetite for dual currency bonds (paid in one currency, redeemed in another) featuring

requests for some dual currency issues to be done outside Switzerland but the question has been raised how far Swiss regulations can be applied, for instance, to a Deutschemark/ Swiss France bond issued in Franchiset.

to which the Franc is most closely linked by volume of trade and by tradition. The Bundesbank's decision earlier this year to allow foreigners to participate in Danack bands. participate in D-mark bonds, provided the lead manager was based in Germany, particularly affects the Swiss.

On the assumption that the National Bank will allow lead managers abroad to syndicate managers abroad to syndicate loans, Swiss bankers say their commissions—3 to 3½ per cent against 2 per cent on 10-year eorodollar bonds — will be eroded. The big banks justify these high commissions by the costs of operating the dense network in Switzerland which gives them their placing power. The backbone of the Swiss Franc fixed-rate market is the Swiss investor who buys one SFr 5.000 bond.

This essentially retail market

This essentially retail market would be difficult for foreigners to penetrate, but one foreign banker based in Switzerland and therefore eligible to under-write Swiss issues—feared the spread to Switzerland of Euro-market commission cutting prac-

demand there might be for other Swiss Franc issues oot-side the country. One banker estimated that 10 per cent of

estimated that 10 per cent of the trade in Swiss paper is already taking plece abroad, stimulated by the desire to avoid the witholding tax.

The Japanese, it was thought, would bave the greatest interest, a large part of their equity-linked issues already being traded outside the country. Luxembourg, it was suggested, could take some business through its low fees. A fair guess might be that the A fair guess might be that the National Bank will take things step by step, initially moving into line with the Bundesbank and allowing banks based abroad to underwrite issues but keeping the lead manager in Switzerland. That would not

hurt Treasury revenues.

Matters will not stop there face growing difficulties in Swiss Francs appears to bave applying this restriction, which brought the National Bank to depends on other central banks to co-operating in scotching efforts to launch Swiss Franc issues National Bank has rejected to launch Swiss Franc issues National Bank has rejected to launch state of the National Bank has say, the cannot remain an isolated financial island. Read the FT in New York... before Europe wakes up.



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Placing on a yield basis of £100,000,000

Unsecured Deep Discount Stepped Interest Loan Stock 2011 unconditionally guaranteed as to payment of principal, premium (if any) and interest by

Safeway Stores, Incorporated

(Incorporated under the laws of Maryland, U.S.A.) Interest payable half-yearly on 15th January and 15th July

The Issue has been underwritten by

Baring Brothers & Co., Limited

Application has been made to the Council of The Stock Exchange in London for the Stock to be admitted to the

in accordance with the requirements of the Council of The Stock Exchange in London, £10,000,000 nominal amount of the Stock will be available to the market on the date of publication of this advertisement. The Stock is payable in full at the issue price on acceptance, for value not later than 10 a.m. on 4th November, 1985.

The interest rates and issue price will be determined, as provided in the Placing Memorandum, at 3 p.m. today, will be announced later today and published in the Financial Times tomorrow, 31st October, 1985.

Particulars of the Stock are available in the Extel Statistical Service. Copies of the Placing Memorandum including the Listing Particulars relating to the Stock may be obtained during usual business hours on any weekday. (Saturdays and public holidays excepted) from the Company Announcements Office of the Stock Exchange (up to, and including, 1st November, 1985) and (up to, and including, 15th November, 1985) from:-

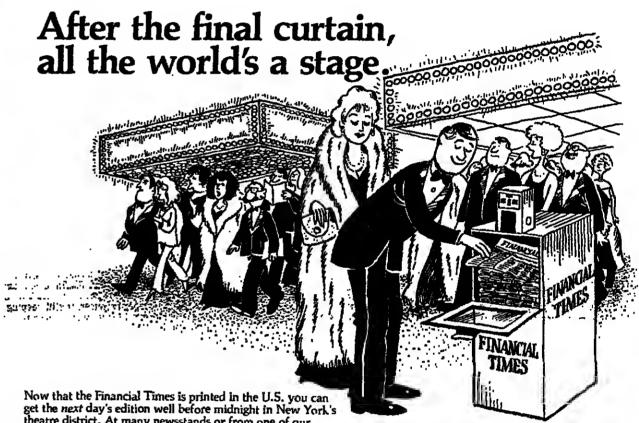
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30th October, 1985



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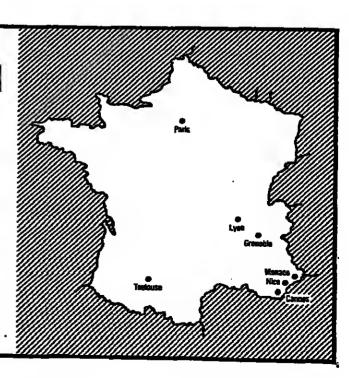
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M & S 22% rise surprises City

Marks and Spencer's shares reached a high for 1985 yester-day as the group surprised the City with e 22 per cent interim profits increase.

At £137.7m pre-tax the result compares with £112.6m and analysts' forecasts of £130m, which were made in the light of

which were made in the light of the company's rather disappointing performance in the last couple of years.

M & S is Britain's biggest retailer and one of Europe's largest companies with a value of £48bn on last night's closing price of 182p, up 17p. The interim dividend is up from 1.08p to 1.25p.

The result for the six menths to September 28 1985 partly reflects changes that have then place since Lord Rayner took over the chair in 1984 from Lord

er the chair in 1984 from Lord

Sieff.

M & S has made a fairly

M & S has made a fairly radical re-appraisal of activities after criticism that it was failing to keep up with many commettors' innovations in the High Street.

The re-appraisal bas included the introduction of a charge card, which has proved popular with 950,000 cards in issue accounting for 8 per cent of UK

High Street.

The re-appraisal bas included the introduction of a charge card, which has proved popular with \$50,000 cards in issue accounting for 8 per cent of UK turnover in the first half; a f480m refurbishment and expansion programme; and new product introductions such as garden furniture.

Of total group turnover of £1.6bn for the interim period the major growth was in the UK although European stores' sales rose 12.1 per cent to £41.8m. Canadian operations suffered a fall in sales from £77.6m to £74.2m although M & S said this was due to exchange rates.

M & S pointed to the turnound in the clothing division which last year came in for

stake in

Pre-tax profits half year 1984/85 half year 1984/85 1,313.3 37.3 77.4 1,452.4 112.6 1,469.8 FIVE YEAR RECORD 1984/85 1963/84 1962/83 1981/82 1966/81 65n 6m 6m 6m 6m 3,213.9 2,668.4 2,517.4 2,268.6 303.4 279.3 2,19.3 222.1 181.1 164.4 135.2 120.7 1,225.3 1,226.8 1,140.0 1,063.7 1,479.G Turnover Pre-tax profit Attributable 1812 99.5 599.2 3.8p 1.9p

ANALYSIS OF PERFORMANCE

lines, convenience foods ready for a microwave and calorie-counted dishes.

The homeware, footwear and major criticism after reporting accessories side — while still contributing a smaller per-formance of turnover than the

formance of turnover than the other two divisions—is cuearly marked out by M & S as having strong growth potential with the interim result showing a 22.9 per cent sales rise.

M & S said its Marble Arch store now sold more footwear than any other store in the world and the company believed its lighting departments would next year rank as Britain's second largest retailer of lighting.

of lighting. The charge card business incurred start up losses of \$4.8m, compared with \$0.3m last

year when the business was in its infancy. M & S said it now believed it had resolved initial teething problems of the system, mainly due to the load of business, which it sees as a major competitor to Barclaycard and Acres

Given the size of the store Given the size of the store refurbishment and investment programme the results show a time lag between a commitment to the £450m spent and costs being reflected on the balance sheet. Net interest receivable, which the City expected to fall, rose by £2m to £4.2m. Mr Reith Cates, M & S's finance director, said only about one-third of the expenditure would be made this financial year with the rest being made in 1987.

See Lex

BET increases

SGB to 9.1% BET, the international services company which has made e thre-for-four all-chare bid for SGB, the scaffolding company, revealed yesterday that it had increased its stake in SGB to

9,1 per cent. Last week BET acquired 6.2 per cent, before announcing the hid, quickly followed by 12 per hid, quickly followed by 12 per cent. Yesterday it revealed a further 1.7 per cent bought at 200p per share, which, the com-pany claimed, was below the value of BET's offer and thus demonstrated rejection by SGB

At BET's closing price last night of 345p, up 10p, and SGB's—up 2p at 262p— the offer

Cray Elect £10m expansion

The deal will be financed by the issue of new Cray ordinary shares, with an initial instalment of £7.1m on completion and two further payments in a profitrelated arrangement.

A vendor placing has been arranged for 335,585 Cray ordinary shares at 212p to raise \$711,440 and provide 10 per cent of the initial consideration in cash. Cray's shares closed at 233p last night, up 13p. Malvern'e business is in the

Cray Electronics, the fastgrowing manufacturer of ing director, said yesterday that
weapons components and other
scientific equipment, is to pay
up to £9.7m for e privately-owned
company Malvern Instruments,
based in Worcestershire.

Bernard Collins, Cray's managing director, said yesterday that
the company's activities in comments, with its many applications
in laser optics and computer
techniques, would complement in laser optics and computer techniques, would complement Cray's existing activities.

Mr Collins also said that Malvern's strong export performance and its subsidiary in Boston, U.S., had attracted Cray. In the year to March 31 1985, 60 per cent of Malvern's turnover of around £3.6m came from over-seas, he said, helping the com-pany to pre-tax profits of £912,000, up from £713,000.

Net tangible assets attribut-233n last night, up 13p. able to shareholders at that date came to £984,000. Following field of particle analysis techniques and instrumentation. Mr

operate as a separate autonomous husiness under its existing man-agement.

The acquisition will be pot for shareholders' approval at an extraordinary meeting on Novem-

DPCE contracts DPCE Boldings, engaged in computer maintenance, has signed three contracts worth 270,000 annually with three banks, National Westminz'er, Citibank, and ABN.

"The UK banking community is becoming a major customer for DPCE's computer maintenance services," said Mr Colin Clive, the chairman, at yesterday's annual meeting. "Our

Preliminary Statement of Results for 1985

ESTATES PLC

Audited Results	year ended 30 June 85	year ended. 30 june 84
2.22	£0003	£000's
Turnover	38,607	42,182
Profit Before Taxation	10,202	9,086
Taxation	(4,662)	(1,253)
Profit For The Year	5,540	7,894
Dividends	(2,402)	(2,123)
Retained Profit For The Year	3,138	5,771
Earnings per share	16.0p	22.9p
Dividends per share	6.919p	6.150p
Net Asset Value per share	226p	182p
	£6.829m	£5.497m

Dividend

The directors recommend the payment of a final dividend of 5.151p which together with the interim dividend paid, makes a total for the year of 6.919p net, an increase of 121/296.

Subject to approval by the members at the Annual General Meeting, the final dividend warrants will be posted on 13 December 1985 to those shareholders on the register at close of business on 21 November 1985

Highlights from Chairman's Statement

* An excellent year, pre-tax profits £10.2m

* Dividend increased by 121/2%. Covered 2.3 times by * Independent valuation shows surplus of £12.9m; net

assets per share now 226p, up 24% * Portfolio now valued in excess of £87m, up 21%, over 52% of which comprises commercial and retail

investments * Contracted rentroll £6.829m, up 24%

* Borrowing down by over 40% to £16.7m

* Excellent start to the current year. Five new projects acquired and several major new lettings contracted

* Company's financial strength, coupled with revival in demand, makes prospects better than for several years past

Copies of the Report and Accounts will be available in mid-November from the Company Secretary

FROGMORE HALL WATTON AT STONE HERIFORDSHIRE SG143RW TEL: WARE (0920) 830033

FROGMORE ESTATES PLC

Unexpected loss for Glanfield Lawrence

By Lucy Kellaway

GLANFIELD LAWRENCE, North London-based motor dealer, announced yesterday a dealer, amounced yesterusy a surprise first-half loss of £127,000 (profit £89,000) which contrasts starkly with a statement in May that the company had made a "slight profit" in the first three

The cause of the discrepancy was inaccurate manage-ment accounts which had attributed profits to subsi-diaries which were actually making losses, says the company.
This latest announcement

marks a repeat performance of the results for the full year which contained a provision against a "significant discre-

against a significant discre-pancy" in the accounts of a subsidiary.
Gianfield is \$3 per cent owned by Gregory Securities, a private company, which won control in February after acontrol in February after a-fierce battle in which Glan-field's previous owners had forecast a profit for 1934 of f250,000 only to turn in a loss for the period of a similar amount.

Mr J. Provost, Glanfield's

new finance director, yester-day retierated the company's earlier assurance that the problems are now selved.

The company is in consulta-tion with its legal advisors over the "responsibilities for these and past matters," and says that it will "report any progress in due course."
Turnever in the six months
to June was £7.2m (£9.5m)
and the loss was arrived at
after charging interest of

atter charging interest of £223,000 (£169,000). In the first six months some of the garages have been closed. The filling station at Finchley and the garage at Gravesend are still in operation, although the Gravesend garage, where the bulk of the

accounting problems have occurred, is still making The financial division and property division are profit-able, while Glanfield, Lawrence (Developments) which make a "sizeable profit" in the second half, the company

Group borrowings have been reduced from \$4.7m at year end to £2.3m at Septem-ber 30, and board expects "substantial" further reduc-

For the three months to September profits before tax are expected by the co-to be at least £100,000.

Worley bought by Coloroll in £2m deal

By David Goodbart Coloroll, wallpaper and home furnishings manufacturer, has since joining the stock market in May, paying 12m for Worley Ltd., Gainsberough-based wallpaper manufac-

The enlarged company will have a share of more than 30 per cent of the UK wallcoverings market and a turnover of

more than £60m.
Colorell is paying £1.2m cash and £809,000 in ordinary shares. It will leave the Worley family, which owns more than 90 per cent of the company, with a stake of these than \$1.5 mere tha about 1.6 per cent in Colorell. The privately-owned Worley had pre-tax profits of £349,000 on turnover of £14.2m for the year to December 31, 1984 when not assets were £3.5m.

Tel: 01-427 4411 The company employs about 340 people in Gainsborough and Port Talbot, LORAINE GOLD MINES

(Incorporated in the Republic of South Africa) Reg. No. 05/39138/06

LIMITED

Declaration of Ordinary Dividend No. 8

The following dividend has been declared for the year ended 30 September, 1985:

Ordinary Dividend No. 8 of 75 cents per ordinary share, Ordinary Dividend No. 8 of 75 cents per ordinary share. The dividend has been declared payable to members registered in the books of the Company at the close of business on Friday, 22 November, 1985. The dividend has been declared in the currency of the Republic of South Africa and payment from Loodon will be made in United Kingdom currency. The date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 2 December, 1985 or such other date as set out in the conditions subject to which the dividend is paid. These conditions can be inspected at the registered office or office of the London secretaries of the Company.

Warrants in payment of the dividend will be posted on or about 20 December, 1985. The transfer hooks and registers of members of the Company in Johannesburg and London will be closed from 23 to 29 November 1985, both days

By Order of the Board ANGLOVAAL LIMITED per: K. G. Williams

29 October, 1985 Registered Office

London Secretaries Anglo-Transvaal Trustees Limited 295 Regent Street London WIR 8ST 56 Main Street Johannesburg 2001 (P.O. Bex 63379 Marshalltown, 2107)

Directors: D. J. Crowe, Chalrman (British), K. M. Hosking, W. B. Evans, B. E. Hersov, DMS, G. C. Krafft, W. W. Malan, Clive S. Menell, S. W. Van Der Colf, G. S. Young, R. A. D. Wilson.

Alternates: P. J. Eustace, F. S. Clarke, P. Taljaard, C. B. Corrin.

Second half lift takes BCA 12% ahead to £10m

SECOND half pre-tax profits up from £6.01m to £6.5m have lifted the full year figures, of the British Car Ancilon Group by 12 per cent to a record £10.14m for theyear ended Angust 2 1985. This compares with a restated £9.05m last time, which included an exceptional profit of £1.17m. The group has shed its 45 per cent stake in Midepea, conditional contracts being exchanged on October 18. Of the £9.65m received for the investment some £2m will be shown over cost. The contribution to group profits for the 1984.85 year was £1.47m. Gross anction sales for the 12 months rose by 35 per cent from £1.55m to £1.15m, while turnover advanced to £50.02m, against £4.8m, a rise of \$3 per cent.

The beard, headed by Mr David Wickins, states that trading so far in the current year is shead and they view the fature with optimism and expect another record year.

After tax charge of £3.52m, compared with £3.53m, earnings per 10p share are given as \$8.25p (£3.35p) while the dividend for the year is lifted from 2.9p to 3.25p with a final payment of 2p.

Net profits of the UK anction businesses increased from £4.02m

3.25p with a final payment of 2p.

Net profits of the UK auction businesses increased from £4.02m to £5.09m, a rise of 27 per cent, and followed an improvement in gross sale proceeds of 16 per cent and auction income of 19 per cent, the directors say.

Commistion of the purchase of some 350 acres of freehold land and buildings.—Blackbushe Airport, near Camberley, Surrestook place on November 28 1284 for £7.3m paid in cash. It is the intention to construct the most modern auction complex in Europe, while expanding and improving the airport facilities and increasing the aircady substantial income from the "Sunday Market" located there, directors state.

state.
The heavy commercial vehicle and plant auctions have already been transferred from Fara-borough to Blackbushe, the first sales being beld in April. The trading results to date have been very encouraging," directors

say.

Construction work on the new car auction facilities has already

Pru injects

reinsurance

The Prudential Corporation, Britain's largest life assurance group, is injecting a further £25m into its reinsurance sub-

sidiary, Mercantile and General Reinsurance Company, through the issue of new shares.

the issue of new shares.

The major part of this money is to be used to expand the uperations of M and G's U.S. subsidiary. Mercantile and Geteral Reinsurance Company of America, where the capital payment of US256n, will, double the capital base of that company.

M and G's operations are international, yet its penetration in the U.S. reinsurance is only small. It started as recently as

It started as recently 1974 and the group has only 0.25 per cent of the U.S. reinsurance

market.
The intention is to use the new

capital to embath on a controlled expansion programme in the U.S. taking advantage of the upturn in the U.S. insurance and reinsurance business after several years of decline. There is a shortage of capacity, yet reinsurance brokers are now giving

a shortage of capacity, yet reinsurance brokers are now giving business to rompanies with an adequate capital base.

M and G of America expects the street of premiums this year—giving it a ratio of premiums to capital of around 0.8. Many reinsurance companies in the U.S. are operating on a ratio as high as 2 or even 3, such has been the contraction in their capital bases.

M and G is still undecided as to how to use the £7m of this

to how to use the £7m of this new capital given by its parent.

LADBROKE INDEX 1,861-1,865 (+16) Based on FT Index

£25m into



Mr David Wickins, chairman

started and it is anticipated that the building work will be completed during spring 1986.

The sale of the anction land and premises at Farnborough, Hants and the former head office at Farnham, Surrey was completed on June 13, 1985. The total sale proceeds were £9.75m of which £4.75m was paid at completion and the balance of £5m will be paid when vacant possession is given in 1986 of Farnborough. The extraordinary profit arising on the sale of these two properties of £4.15m has been taken to reserves.

The first auction sale at the new branch at Paddock Wood, Kenti was held on October 9, 1984. The greatly improved facilities have been well received, directors say, and both turnover and profits are very satisfactory." The old premises at Tunbridge Wells have been vold for £0.4m.

Together with the new anction at Preston and the development of Blackbushe, directors say the continued expansion of the UK motor auctions "is assured."

continued expansion of the UK motor suctions "is assured." The contribution made to eroup net profits on ordinary activities by the U.S. motor

auctions was £2.23m, compared with £2.65m for the previous year. This decrease was due in a disappointing performance in the first six months caused for several factors including less winter weather, which several hampered operations. In addition, a very strong new tarmarket with record sales in 1884 adversely affected the market for one and two year old care, the directors state. Auction turnover and profits improved considerably during the liest quarter and the prospects far the current financial year are much brighter.

One further auction business was acquired in August. 1864. Battimore-Washington Auto Enchange Inc for \$6m and the existing auction business at family purpose built premises, on 30 acres of freehold land, in April. 1985 at a cost of \$7.64m.

comment

British Car Auction's results were British Car Auction's results were sufficiently in line with forecasts for the market to turn its attention to the ramifications of the pull-out from Midepta rather than the numbers themselves. For BCA, it is unlikely to do anything but good in the CRY's eyes: the returns on the investment had never been high and the cash from the divestment will be more productively used in reducing BCA's 66 per cent gaging. There had also been concernabout the extent of BCA's fringe activities, and the connection with Hawley had never done its image much good. For Hawley itself there will be some benefit from this further step towards a tidying up of its activities, but the City found itself raising a collective eyehrow at the sight of Midepta using one of its own subsidiaries to guarantee the transaction. Meanwhile, on the trading front, BCA looks in line for a recovery after last years underperformance and something approaching film looks likely this year, putting the shares, down 2p et 90p yesterday, on an undemanding p/e ratio of 31 after a 32 per cent tax charge. sufficiently in line with forecasts &

DIVIDENDS ANNOUNCED

Corre- Total div. BCA
Captini & Counties int. 2.27 Jan 2 1.6 - 5.3
Chement Clarke int. 1.63 Dec 31 1.45 - 4.33
Derwent Valley int. 15 Nov 15 15 - 35
English & Inti Trust int. 1 Dec 19 1° - 31
Frogmere Estates ... 5.15 Dec 13 4.54 6.92 6.15 6.
Globe Investment ... int. 4 Jan 2 3.75 - 9.9
New Australia Invest ... 1.5 Dec 18 0.4 1.5 0.4
Dividends shown in pence per share except where otherwise stated.
Equivalent after allowing for scrip issue . † On capital increased by rights and/or acoussition issues. 2 USM stock, & Unquoted stock

NOTICE OF REDEMPTION

by rights and/or acquisition issues. ‡ USM stock. \$Unquoted stock. !I Accounts will cover 8 months—total not less than 4.5p forecast.

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THE MORTGAGE BANK AND FINANCIAL ADMINISTRATION AGENCY OF THE KINGDOM OF DENMARK

US\$100,000,000 Guaranteed Floating Rate Notes due 1992, Series 78A

Notice is hereby given to the holders of the above Notes that, pursuant to the provisions of Clause 3 (B) (i) of the Fiscal, Paying and Reference Agency Agreement dated 17th June 1982, the Issuer intends to redeem the Notes on 19th December 1985 at a redemption price equal to 100 per cent of the principal amount thereof plus accrued interest of US\$413.02 for each US\$10,000.

Payments will be made on or after 19th December 1985 against presentation and surrender of Notes with coupons at any of the following offices: Manufacturers Hanover Limited, 7 Princes Street, London ECZP ZEN; Manufacturers Hanover Bank/Belgium SA/NV, 13 Rue de Ligne, 1000, Brussels Manufacturers Hanover Bank Luxembourg SA, 39 Boulevard Prince Henri, Luxembourg; Manufacturers Hanover Trust Company, 33 Stockerstrasse, Zurich.

Interest will cease to accrue on the said Notes as from 19th December 1985. Manufacturers Hanover Limited Fiscal and Principal Paying Agent

30th October 1985

Granville & Co. Limited

tional Association of Security Dealers

8 Loves Lane London EC3R 8BP Telephone 01-621 1212 Over-the-Counter Market

High Low

146 123 Ass. Brit. Ind. Ord.

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Allied attacks IXL banks' role

Allied-Lyons, which is fighting a fi.8bn takeover bid, yesterday and by two Monaco-based delivered a strong attack on a consortium of eight international banks, led by Citibank of the U.S., which are involved in the bid with Elders IXI., the Australian provings and agricultural company.

Allied one of Britain's biggest food and drinks groupe, accused the banks of "spearheading a takeover raid aimed at destroy. Ging a very large and successful Teroup where each of the parts contributes to the success of the others and the whole." It demanded an explanation of their conduct and policy.

The attack was made as part of their conduct and policy.

The attack was made as part of comments on the structure of IXI. Citibank and the others and the whole." It demanded an explanation of their conduct and policy.

The attack was made as part of their conduct and policy.

The attack was made as part of their conduct and policy.

The attack was made as part of comments on the structure of IXI. Citibank and break up the Allied-Lyons for the banks bold SS per cent of the company, with stakes of a little

British Assets buys Investors

Scot Heritable letting

of £300,000, subject to a reduc-tion of up to £70,000 a year

ICI to buy rest of U.S. seed company

Imperial Chemical Industries is to buy the rest of Garst Seed Co. of Iowa at a price which is believed to value the company at between £50m and £50m.

Garst is the third biggest producec of corn seed in the U.S. ICI bought a stake, believed to amount to just half the equity, in February, saying that it wanted to move to full ownership in the future.

A private family company. Garst initially wanted to retain majority control, however, the company has deve-loped an we range of hybrid seeds which has proved highly successful, and addi-tional capital is needed for

"The partnership has worked well over the last month," ICI said. "This seemed the right time to take the next step."

ICI sees Garst as an important part of its strategy important part of its strategy for the next century. Seed technology is seen as a pro-mising area for bioscience and genetic engineering techniques of the kind which ICI has developed in its central research establishment at Runcorn, Cheshire. Before its connection with Garst, the group had no ont-let for the skills it had developed.

ICI said: "Garst is already experienced in the area of bioscience. But it was looking foc a partner to expand its activities, and it took it some time to find someone with the right plant technology."

Garst has about 300 employees, and had sales last year of about \$80m (£56m). No profit figures have been disclosed. growth.

The company's policy of subto 226p (182p), including the

Standard Chartered cuts stake in SA affiliate

Standard Chartered, the London-based international bank, is about to further reduce lts stake in Stanbic. Its South African affiliate from 42 per cent to about 38 per cent.

Stanbic is acquiring two companies in which it already has a stake, the Unisec and Hesperus groups, in exchange for an issue of 9.2m shares worth R174m. Standard Chartered will not be subscribing to this new issue, though it will form part of this group that will underwrite the cash alteroative.

Its underwriting role is designed to dispel any suggest.

Standard Chartered, the tion that the Unisec and Hest the size of its investment ondon-based international perus acquisitions are being remains the same, and is valued

Magnetic Materials' £20m value

AN OFFER for sale of 4.98m shares in Magnetic Materials
Greup has been arranged by Phillips & Drew at 114p a share. The group was formed as recently as 1982 despite parts of Europe's largest manufacturers.

Profits In 1982.83 were depressed by the heavy costs of magnetic materials—at £20 lm.

In total, 28.2 per cent of the company is on offer, of which 1.9m shares are coming from existing shareholders with the balance raising £3.17m, after expenses, to expand the manufacturing base.

Products fall into two broad areas of magnetic materials—soft and hard. Soft prodocts are actually, not magnets in themselves but are made from metal oxides and only demonstrate magnetic properties in the presence of an electric circuit. Hard magnets are those which return magnetism and are, therefore, known as permanent magnets.

The group was formed as recently as 1982 despite parts of any particular industry but if so, MMG may well be ona of each extractionalising the new operation, leaving the pressure at instance at instance the properties of fall series in the suspension of the company is on offer, of which 1.9m shares are coming from existing shareholders with the base their profits MMG is coming to the market on a p/c of 12.1 on a notional tax charge, or 9.7 on an extual charge of 18.4 are sound balance sheet and the money being raised now is 12.1 on a notional tax charge, or 18.4 are profits for investors to concentrate upon. MG may be a dominant force in the UK but worldwide it only that the base their judgment. Electronics, for example, is one investors lack industry trends on which to base their judgment. Electronics, for example, is one of that sector. It may be that the broad spread insultants if so, MMG may well be one of any particular industry but if so, MMG may well be one of the tox instance at its in the business spanning 100 years.

Profits In 1982 83 were depressed by the heavy costs of any particular industry but if so, MMG may profits growth. That is probably of the combined group offers and then to 1.73m an

Capital stake

British Assets Trust, the Edinburgh-based investment trust managed by Ivory and Sime, yesterday announced the purchase of 12m shares in Investors yesterday announced the pur-chase of 12m shares in investors Capital Trust, a stake of 19.4

Capital Trust, a stake of 19.4 per cent.

British Assets also said it was "formulating proposals which it believes will be in the interests of all shareholders." Ivory and Sime said a further announcement would be made as soon as possible.

Among other investment trust share dealings, it was announced yesterday that British Empire Securities and General Trust has increased its stake in Scottish Investment Trust to 7.68m

Investment Trust to 7.68m ordinary shares (9.07 per cent).

Frogmore improves to £10.2m

A YEAR of continued progress tantial investment in edge-ofhas lifted pre-tax profits of from and out-of-town retailing areas led to the purchase of two developer and investor, from further development areas for this fluor can that in out of the purchase of two further development areas for this purpose. Substantial lettings have been contracted on both

Sh.09m to £10.2m for the June 30 1885.

The directors say that, in expectation of a continuance of the revival in demand, they feel the current year will present excellent opportunities for property development and investment.

The company saya its overall to sell these and other non-rent producing assets without incurdevelopment and investment.

The company says its overall strength in financial terms places it in a good position to take advantage of this improved

A final dividend of 5.151p (4.543pl is being recommended, making 6.919p (6.15pl foc the

year.
An independent valuation of

comment

producing asests without incurring penal tax.

The phasing out of house-

building activities is nearing completion and the company's debt has been reduced by £12.1m debt has been a revival in to £16.7m.

There has been a revival in demand and rental growth in the south of England in the past six

An independent valuation of the group's property portfolio, as at June 50, showed a surplus over cost of £12.9m. This is some 55.1m more than the surplus and shown in last year's internal revaluation.

Rent coll at the year-end rose to £6.83m (£5.5m). Many substantial new lettings and prelettings were contracted and during the past six months the company has seen some evidence of a revival in demand and rental demand and rental growth in the south of England in the past six months.

This is expected to continue and, as a consequence, the company has lucreased its property development activities.

The reduction in borrowing has placed the company in a very strong financial position to buy development land and some of the existing investments being sold by pension funds and institutions.

property revaluation surplus of £1291m (nil).

The first independent property valuation alnce 1960 has put Frogmore Estates' net asset value per share up by a quarter to 226p. This has the shares at 176p trading at a somewhat steeper discount than the 15-18 per cent sectorel average. Possibly the reason for this is that the company retains its bouse butiding activities and is still seen as a hybrid by some in the market. Completions totalled 780 in the last year, down from the previous year's 1,030. This year 500 sales are expected and by mid-1987 the run down of this activity will have been completed. The drop lo housing completions has depressed turnover but not profits. A gencrous dispensation with regard to changes of land use is making the punt on industrial property, the sector's weak area, attractive. Only a handful of property companies can heat Frogmore's 5.6 the seclor's weak area, attractive. Only a handful of property companies can beat Frogmore's 5.6 per cent yield bul forecasts of £10m for this year suggest that the shares are fairly toppish. However, any firming of industrial lands rents could alter that view as could takeover talk.

The group has a capital obvious customer area but MMG be pushed no higher than say. Scottish Heritable Trust, York-based industrial bolding company, bas completed the lease of its Laser House development in Goswell Road, London. The property has been let to a "major public company" on a 35-year lease at an annual rent.

BY LUCY KELLAWAY

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Godwin Warren Control Systems, Bevan, the USM-quoted manufacturer of The

underwritten by Foster & Marks and Spencer, and made the work I've put into the com-Braithwaite and de Zoete & profits of £179,000 last year com-

Group Turnover

Profit before tax

Corporation Tax

Dividends for year

Earnings per share

Profit after tax

Retained Profit

Less extra-ordinary loss

ZETTERS GROUP PLC

FINANCIAL YEAR ENDED 31.3.85: EARNINGS PER SHARE — UP 24% **DIVIDENDS FOR YEAR — UP 23%**

AFTER TAX PROFIT - UP 31%

pared with £400,000 in 1983.

Godwin Warren Control Systems, the USM-quored manufacturer of car park berriers, yesterday made an agreed £1.7m bid for Sanleigh Electrorics, a manufacturer and distributor of electroric and scientific optical equipment.

The terms of the offer are one Godwin Warren share for every 23 Sunleigh shares, which are also quoted on the USM. There is a separate cash alternative of 155p which bas been underwritten by Foster & Defence, British Telecom and underwritten by Foster & Defence, British Telecom and made in the 400,000 in 1983.

In the half year to June 1985 Godwin Warren made pre-tax profits of £225,000.

Yesterday Sunleigh revealed that Mr N. Buckhalter, the company scharman, and the family of Mr J. Sanuels, a director, each made a gift of \$00,000 Sunleigh shares to Mr J. Robping said last night that the Defence, British Telecom and gift was to thank him for "all the work I've put into the company in the half year to June 1985 Godwin Warren made pre-tax profits of £225,000.

Yesterday Sunleigh Warren share for the offer, and are recommanding to the offer, and are recommanding to the offer, and are recommanding to the offer, and are recommanding the offer, and are recommanding to the offer, and are recommanding to the offer, and are recommanding to the offer, and are recommanding the offer are company in the half year to June 1985.

In the hal

Paul Zetter, CBE.

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12.41p

31.3.84

26.2 m

1,386,210

1,348,672

37,538

729,283

619,389

213,114

406,275

Investing in

Marks and Spencer p.l.c. unaudited results for the first half of the financial year ending 28th September 1985.

	26 Weeks ended			52 Weeks ende	
	28th Sept 1985	29th Sept 1984	Inc	31st March 19	
GROUP SALES	£m.	£m	%	£m	
(excluding VAT and other sales taxes)					
United Kingdom Stores					
Clothing	743.6	644.6	15.4	1,423.8	
Homeware, Footwear and Accessories	145.6	118.5	22.9	<i>305.1</i>	
Foods	635.4	550.2	15.5	1,171.3	
	1,524.6	1,313.3	16.1	2,900.2	
Overseas Stores					
Europe	41.8	37.3	12.1	80.9	
Canada (note 3)	74.2	77.6	(4.4)	<i>175.0</i>	
Direct export sales outside the Group	22.1	18.1	, 22.1	38.2	
	1,662.7	1,446.3	15.0	3,194.3	
Financial Activities (note 5)	7.1	6.1	16.4	11.7	
TOTAL GROUP TURNOVER	1,669.8	1,452.4	15.0	3,206.0	
GROUP PROFIT BEFORE TAXATION (note 2)	137.7	112.6	22.3	303.4	
TAXATION (note 4)	53.9	44.7	20.6	120.3	
GROUP PROFIT AFTER TAXATION	83.8	67.9		183.1	
Profit/(loss) attributable to minority interests	0.2	(0.3)		20	
PROFIT ATTRIBUTABLE TO					
MARKS AND SPENCER p.l.c.	83.6	68.2	22.6	181.1	
Earnings per share	3.2p	2.6p		6.90	

This advertisement appears as a matter of record only.

Final dividend of 3.00p per share (payable November 1) making 4.00p for the year

Extracts from Statement of the Chairman, Mr. Paul Zetter, CBE.

Pools: The increase in stake on the Treble Chance Pool achieved the desired effect of increasing turnover and profits and the improvement has been sustained. The re-introduction of Free Lucky Numbers also proved popular.

Bingo: The increased profits are attributable to a continuing upgrading of our chibs and amusement with prize machines are now installed in many of them.

Future: Pools performed well in the summer and the opening of the new season looks promising. Bingo together with the Gaming Machine Company, are giving every indication of good growth and improved profitability.

I have every reason to believe that this will be a most successful year for us.

Town and Country Garden Centres plc

sponsored by

Scott Goff Layton & Co

Under the terms of the Business Expansion Scheme £500,090 has been raised to finance the Company.

Town and Country Garden Centres pic has been set up to operate a chain of urban garden and outdoor leisure centres, initially in Greater London. The first centre will be situated at Alexandra Palace.

Auditors **DIXON WILSON**

Scott Goff Layton & Co Members of The Stock Exchange Salisbury House London Wall, London EC2M 5SX

Solicitors to the issue MACFARLANES NOTES: 1. The figures have been prepared on the historical cost basis of accounting. Group profit before taxation arises as follows: —

of Members at the close of business on 21st November 1985.

1985 1984 133.3 110.3 3.7 3.0 The United Kingdom (0.7) <u> 137.7</u> <u> 112.6</u> 139.9 109.9 Financial Activities (note 5) <u>(2.2</u>) 137.7 112.6

3. The results of overseas subsidiaries have been consolidated using rates of exchange ruling at the end of each period. Because of the strengthening of sterling against the Canadian dollar, the Canadian exchange rate is materially different from that used last year. Expressed in Canadian dollar terms, compared with the first half last year, sales increased from C\$126.2 million to C\$142.8 million, an increase of 13.2% and the profit before tax for the half year was C\$1.4 million compared to a loss of C\$1.1 million 4. The taxation figure for the first half of last year has been adjusted to reflect the actual rate of taxation on the year's profit.

5. Financial activities include the results of the Chargecard, leasing and insurance activities. Following the introduction of the Chargecard, income and expenses relating to all financial activities have been included in turnover and cost of sales. Last year's figures have been reclassified. During this period our Chargecard operation incurred losses of £4.8 million (£0.3 million loss

STATEMENT BY THE CHAIRMAN THE LORD RAYNER

During the six months under review sales in the UK were ahead in all Groups.

Our clothing performance shows signs of strong recovery in Ladies and Childrenswear, and continued progress in Menswear despite poor summer weather affecting the sales of some highly seasonal merchandise. The Foods and Homeware Divisions made good progress based on our policy of innovation and product development.

Prices contained an average inflation element of 21/2%. We experienced strong volume growth in all Divisions: Clothing 14%, Foods 11%, Homeware 20%.

Our investment in the refurbishment and expansion of our UK stores is proceeding well and UK sales floor space increased by 31/2% over the period. The 25 stores so far completed are experiencing a higher level of takings than

expected and well above the average for other stores.
The Marks and Spencer Chargecard with
950,000 users now accounts for 8% of UK. turnover, a proportion which is rising.

Overseas performance has been encouraging with better results from our Canadian and European subsidiaries.

We look forward to a satisfactory second half

UK COMPANY NEWS

This announcement appears as a matter of record only.



HALIFAX **BUILDING SOCIETY**

Issue by way of Private Placing

£15,000,000 3.875 per cent. Index-Linked Unsecured Loan Stock 1986/2020 Final maturity 29th October, 2020 Issue price £99 per cent.

Samuel Montagu & Co. Limited

in conjunction with

W. Greenwell & Co.



October 1985

Clement Clarke rises to £752,000

Clement Clarke (Heidings), which runs e chain of dispensing opticiens, says the new trading

increased profitability.

There was an increase in NHS sales just prior to April 1 1985, when the new regulations came into effect. Since then the proportion of those sales has decreased dramatically, with a consequent rise in private sales. This is reflected in results for the first half of 1985, which show turnover rising from 19.17m to \$10.5m and pre-tax profit from \$81,000 to \$752,000.

Prospects for the remainder of

the year appear to indicate that the pattern of growth will continue. For the whola of 1984 the group made a profit of £1.25m; it compared with £2.15m but that included £401,000 arrears of professional fees from the DHSS.

After tax £331,000 (£281,000) earnings for the first half are shown at 5.26p (£12n) per share, and the interim dividend is lifted to 1.6275p net (1.445p).

The group has been implementing specific reorganisation plans since the beginning of the

menting specific reorganisation plans since the beginning of the year. These will necessitate increased expenditure, some of which has occurred in the first half; the end result, bowever, abould be "very beneficial" to the group.

Yearlings rise

THE INTEREST rate for this week's issue of local authority bonds is 11 in per cent, up it of a percentage point from last week, and compares with 10 it per cent a year ago. The bonds are issued at par and are redoemable on November 5 1988.

A full list of issues will be published in tomorrow's edition.

Globe lifts earnings by nearly 29%,

In the period profit attributable to shareholders has moved up by 28.57 per cent, from £7.4m to £9.5m, while basic earnings are 25.56 per cent ahead to \$.65p and fully diluted have grown 24.94 per cent to \$.55p.

opticians, says the new trading and fully diluted have grown pattern emerging following the change in regulations regarding NHS prescriptions has enabled it to control gross margins more effectively, and gives scope for increased profitability.

There was an increase in NHS sales just prior to April 1 1985, when the new regulations came into effect. Since then the pro-

when the new regulations came into effect. Since then the proportion of those sales has decreased dramatically, with a consequent rise in private sales. This is reflected in results for the first half of 1985, which show turpover rising from £9.17m to £10.5m and pre-tax profit from £610,000 to £752,000.

Prospects for the remainder of the year appear to indicate that the pattern of growth will consequent from a rate of increase in earnings. well, and he looks for another successful year. The increase comes from all parts of the group. He points out, however, that profit forecasts for the full year do not show a continuation of such a rate of increase in earnings.

In particular Globe International, which provides portfolio management for institu-

REFLECTING AN improved tional and large private clients, performance in the half-year canded September 30 1985, the investment accounts in the U.S. Gode investment Trust is raising its interim dividend from assurance and banking business made further progress and half rear sarnings were considerably

mp.

New product launches by both
the UK assurance and unit trust
divisions should also help future growth, he says.

In the second quarter earnings In the second quarter earnings from investment trusts came to 59.12m to make £17.5m for a half year (£15.3m). The Tyndall Group provided £223,000 for a total of £746,000 (£540,000), investment financial services lost £40,000 for a deficit of £182,000 (£775,000), property and investment dealing made £385,000 and so reduced the loss to £164,000 (£446,000), and property and investment holding earned £363,000 to make £009,000 (£204,000). Net profit attributable to

(11.24), consumer goods 10.58 (24.37), other groups 14.88 (14.85), and other net assets 7.04 (8.92).

Geographically, the spilt was Great Britain and Northern Ireland 54.74 (64.39) per cent, North America 25.34 (24.03), Far East 8.71 (10.22), and eise-where 1.21 (1.36).

Listed investments were shown at £579.83m and unlisted at

E75.03m.

Mr Hardy says the UK portfolio performed well. However, local markets in sterling terms in North America and the Far East (with the exception of Japan and Australia) substantially underperformed and in the first half overall the group was very slightly behind the increase in the FT-Actuaries All-Share Index.

On the unlisted side, the chairman says Globe has invested \$10m in Financial Securites Assurance Holdings which is backed by several large international institutions and is the first company specifically created to guarantee corporate debt and thereby improve its rating.

fixed interest 10.12 capital goods 10.58 consumer goods 25.8 consumer goods 25.8 and other net assets 7.04 is never going m be one of the more glamorous in the investing and other net assets 7.04 investing and Northern 164.74 (64.39) per cent. America 25.34 (24.03), at 8.71 (10.22), and else 1.21 (1.38). In investments were shown 9.83m and unlisted at an America and the Far East he exception of Japan and its substantially underned and in the first half the group was very behind the increase in FT-Actuaries All-Share the unlisted side, the an says Globe has invested in Financial Securities by several large interior intentiutions and is the mpany specifically created cantee corporate debt and improve its rating.

Capital & Counties well placed

"He believes the group is even better place to take advantage of the many and varied opportuni-ties for profitable real estate acquisitions and developments here and overseas.

To ensure adequate resources are available for expansion the company has arranged a £35m medium-term facility with a syndicate of major UK and American banks, and is also asking shareholders to raise the authorised capital by 30m shares.

The chairman says the relationship with the parent company, the South African controlled TransAtlantic Insurance, is excellent. No policy or

for the first half of 1985 for Aran Energy. The directors however expect the move to have a major

In a statement accompanying

In a statement accompanying the interim results they say that the enlarged group has a much better balance of exploration and production assets. There is income from the Forties and Kinsale Head fields, interests in seven declared discoveries and involvement in a total of 90 off above and exploration blocks.

The greatest impact, they add, has been to involve it in more

has been to involve it in more active and year-round pro-

exploration and

grammes of exploration and appraisal drilling. It will improve the probability of participating in commercial discoveries.

The expected programme for the rest of this year and 1988 is much greater than would usually be associated with a company of Aran's time.

In the six months to the end

BANCO LATRICAMERICANO

DE EXPORTACIONES, S.A.

USSSA,000,000 FLOATING RATE NOTES

DUE 1990

LONDON, ASSENT BANK

Wells Fargo

International Financing' Corporation N.V. U.S. \$50,000,000

due 1996 In accordance with the

30th October, 1985 to 29th November, 1985

US \$69.27.

Agent Bank: Morgan Guaranty Trust Company of New York London

RATE NOTES 1991 For the six mouths

interest rate of 81%

THERE ARE some exciting pro-jects under way and in prospect imposed nor are they contem-at Capital & Counties, property plated, and the commitment m retain the share quotation con-tinues. Transatiantic won control in July. ..

In view of the change in control the accounting date is being changed to December 31, and the current period will cover the nine months to end 1985. There will be no direct comparison for that period and comparison for that period and comparison for that period and comparison. There will be no direct compari-son for that period; and compari-son with previous years will be even more difficult following the sale of the bousebuilding sub-sidiary, Roger Maicolm, which has been the main source of trading profits.

Reporting for the six months ended September - 2 1985. Mr Marler says the pre-tax profit has shown a surge of nearly 53 per cent, from £4.11m to £6.28m.

Property investment income rose from \$5.5m to \$7.27m and trading from \$747,000 to \$1.39m.

BOARD MEETINGS

Confidence at enlarged Aran Energy

THE ACQUISITION of Petrolex of June 1985, this Dublin-based was too late to affect the figures for the first half of 1985 for Aran Energy. The directors however (£229,000) to £2713,000 (£585,000).

while other income came to £496,000 (£282,000) but there was no conribution from house-building (£201,000).

Administration costs of the overseas operations have been included in edministration expenses of £1.79m (£1.51m). The previous practice has been to deduct such costs from trading income and the comparisions have been restated.

After tax £2.5m (£1.23m) and

have been restated.

After tax £2.5m (£1.23m) and minorities £34,000 (nil), the attributable profit comes to £3.73m (£2.87m).

Mr Marler says dividend policy is to increase the rate steadily to give shareholders a growth of income in real terms. For 1985-86 the total would probably have been 8p, compared with 5.3p last time; applying that rate to nine mouths the recommendation will be not less than mendation will be not less than 4.5p net, and in even out distri-butions an interim of 2.2p (1.6p)

> JAUTURE DAYES cointed British Foods Nov.

IN BRIEF

DRG (Canada), publicly-quoted Canadian subsidiary of DRG, packaging and stationery group, reports pre-tax income of \$5.54m, (£3.9m), against \$5.4m, for the nine months to September 30 1985. Net sales were \$88.49m (\$85.46m) and income per share-after extraordinary items fell to after extraordinary items fell to \$0.91 (\$0.94).

STYLO MATCHMAKERS intermational, wholly-owned subsidiary of Stylo, shoe group, and manufacturer of golf and riding accessories, has acquired Harry Hall, riding wear maker, from Austin Reed for more than Lim.

AE GROUP, manufacturer, designer and distributor of engineering components, has engineering components, has acquired control of IHG Gleit-lager, a privately-owned West German distributor and manufacturer of specialised dry and pre-lubricated bearings which has a turnover of about £4m a year.

UNIGATE'S offer for Artington Motor has become unconditional.
Acceptances have been received Acceptances have been received in respect of 4.22m ordinary shares (94.1 per cent). J. Henry, Schroder Wagg has accepted in respect of the 29.99 per cent of Arlington that it owned, Acceptances of the alternative per many fit 7m. t of June 1985, this Dublin-based sunquoted company saw pre-tax profits improve from 1£279,000 and minorities took 1£25,000 profit at 1£35%,000 profit at 1£35%,000 against 1£103,000.

Cashflow from the Forties field as horrowings, will be used to finance exploration, say the directors. They intend to restrict equity fundralsing in the future and will consider alternatives such as farmouts or asset disposals. loan note offer means £1.7m nominal of notes will be issued.
The offer and loan note alternative remain open for acceptant

LARGS and Peel Holdings suid on October 25 their entire share-holdings in Trafford Park Estates at 220p a share, being a total of 1.04m shares, held by wholly-owned subsidiaries of the two companies, representing 9.8 per cent of Trafford Park's issued ordinary shares.

natural resources. Investment concern, has sold its near 20 per cent holding in British Benzol Carbonising, tho coke and smokeless fuel manufacturer. The sale of the 4.3m shares would have fetched £860,000 at Benzol's open-Nov 5 ing price yesterday of 20p. 11 Nov 5 closed up 1.5p.

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U.S. \$250,000,000

General Motors Acceptance Corporation

(Incorporated in the State of New York, United States of America)

101/4% Notes Due 1992

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Application has been made to The Council of The Stock Exchange for the Notes, in the denomination of U.S. \$5,000 each, with an issue price of 99.625 per cent., to be admitted to the Official List. Interest on the Notes is payable annually in arrears on November 15, commencing on November 15, 1986. Particulars of the Notes and of General Motors Acceptance Corporation are available from Extel Statistical Services Limited. Copies of the listing particulars relating to the Notes have been published in the form of an Extel Card and may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including November 13, 1985 from:

Company Announcements Office, The Stock Exchange, Throgmorton Street, London, EC2. (until November 1, 1985 only)

SUMITOMO TRUST INTERNATIONAL

Cazenove & Co., 12, Tokenhouse Yard, London, EC2R 7AN.

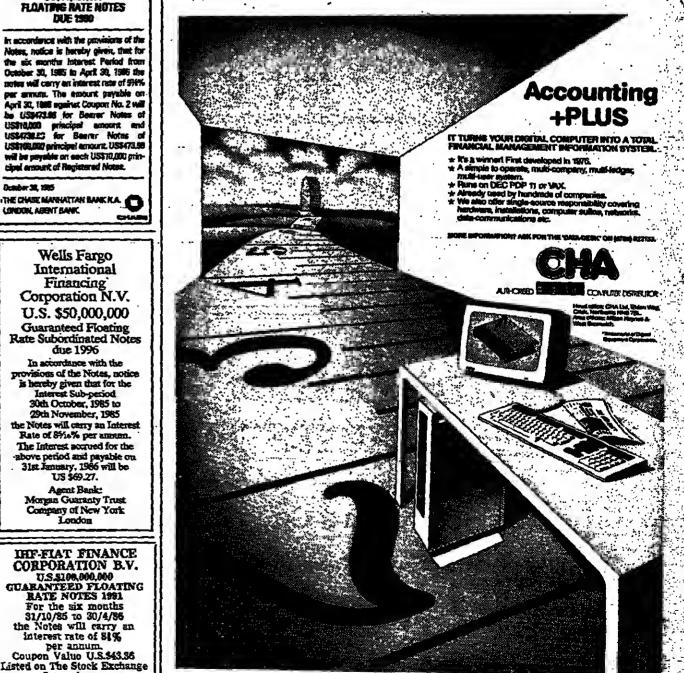
Chemical Bank, 180, Strand, London, WC2R 1ET.

October 30, 1985

Floating Rate Notes due 1988 and Warrants to Purchase U.S. \$150,000,000 141/4% Bonds due April 28, 1990

In accordance with the provisions of the Notes; notice is hereby given that the rate of interest has been fixed at 814 per cent and that the interest payable on the relevant interest payment date, 30 January 1986 against Coupon No. 15 will be U.S. \$21.08 per U.S. \$1,000 Note and U.S. \$210-83 per U.S. \$10,000 Note.

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For the three months 30 October 1985 to 30 January 1986

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FT COMMERCIAL LAW REPORTS

Persistent default by liquidator

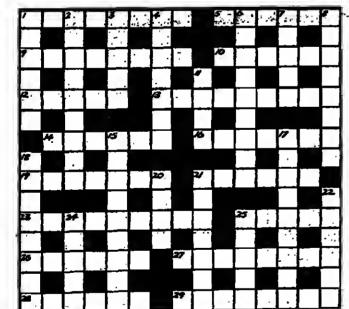
IN BRIEF

A S .: HA (ME)

The second



F.T. CROSSWORD PUZZLE No. 5,860



ACROSS

1 Way murderer may become pub-entertainer (8)
5 Flower it is said crowds wanted (6)
9 Get animal to run at stake
6 Lead-trace badly torn (9)
7 Horse carrying artist round tree (5)
8 Themes expressing what we

(8)

19 Beetle found by sailor on cliff (6)

12 Split when Chinese capital abandoned (5)

13 Beetle found by sailor on the French cliff (6)

14 Split when Chinese capital abandoned (5)

15 Unrealistic, character on governing body (9)

17 A sea-group forming a kind of court (9) 13 River-crustacean the French find detestable (9)

find detestable (9)

14 Funds for supplies (6)

16 Passage from old pamphlet

(7)

19 Aim to take out rose from back (7)

19 Dack (7)

10 Dack (7)

11 Dack (7)

12 Fail to win Civil Defence round so shut up (6)

13 River-crustaecal shut (3, 5)

14 Funds for supplies (6)

25 Cases featuring a saucy woman? (7)

26 Fail to win Civil Defence round so shut up (6)

example over right (6) 23 Bird moving easily on track 25 Child the Spanish urge

forward (5) 26 Ship one in and turn over for observation (6)
27 Spend a long time in corridors (8)

28 What baker does or wants by the sound of it (6)
28 Turned over to find poetry m colour (8)

DOWN

1 Celebrity attending church as formality (6) 2 Went back and paid for

ing guide (5)
4 State paper (7)
6 Lead-trace badly torn (9)

in Britain are (8)

accident at

round so shut up (6)
24 Liberal politician taki
drink outside (5)
25 Upshot of publication (5)

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Publication Date: November 25 1985

Copy Date: November 1 1985

The Financial Times intends to publish a survey on the Financial Futures and Options market. Subjects which will be discussed include both UK and US exchanges, currency options, new instruments and the role of futures for the Corporate Treasurer.

-For advertising details contact: Mark Lanigan Financial Times, 10 Cannon Street London EC4P 4BY Tel: 01-248 8000 extension 4181

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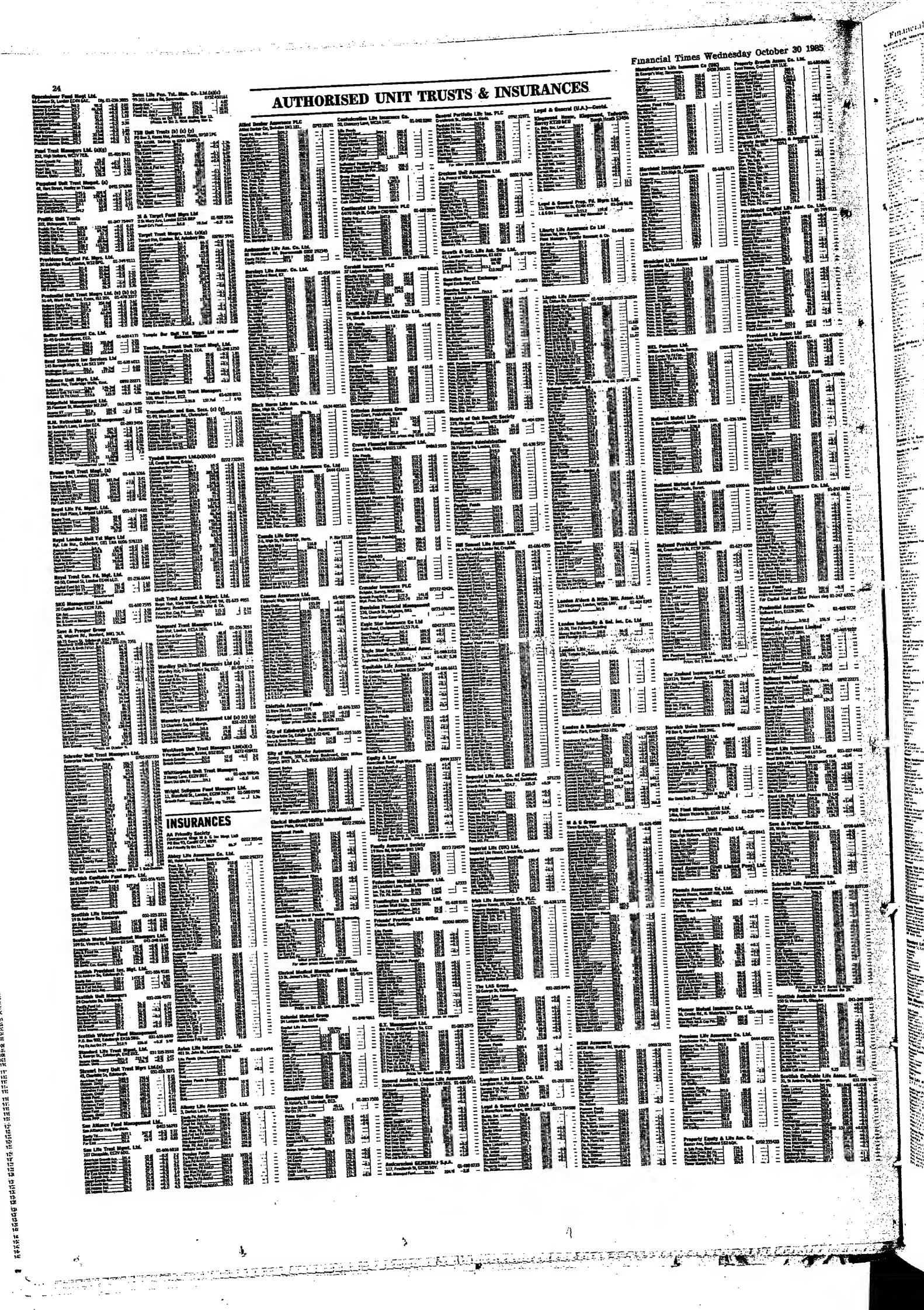
) 0	FI COMMERCIAL LAW REPORTS	FT UNIT TRUST INFORMATION SERVICE
(4) (5)	Persistent default by liquidator	AUTHORISED Second Shiptery & Co. Ltd. (a)(g) Superplant (a) (g) S
	RE ARCTIC ENGINEERING LTD Chancery Division: Mr Justice Hoffmann: October 25 1985 to send the statement within 21 days. If the statement did not arrive beld up pending finalisation of could be considered in decivition. The statement did not arrive beld up pending finalisation of could be considered in decivity. Some item, such as agreement of whether to disqualify sent a final notice by recorded tax habilities. The statement within 21 Site raturn could be submitted. Clisqualification order but did not some order but did not sent as agreement of the statement within 21 Application order but did not sent as agreement of the statement did not arrive beld up pending finalisation of could be considered in decivity. The statement did not arrive beld up pending finalisation of could be considered in decivity. The statement did not arrive beld up pending finalisation of could be considered in decivity. The statement did not arrive beld up pending finalisation of could be considered in decivity. The statement did not arrive beld up pending finalisation of could be considered in decivity. The statement did not arrive beld up pending finalisation of could be considered in decivity. The statement did not arrive beld up pending finalisation of could be considered in decivity. The statement did not arrive beld up pending finalisation of could be considered in decivity.	1707 Abbry Unit Tot. Magrs. (a) September 170 175
	A LIQUIDATOR who matter would be referred to the required by statute is in "persistent default was remedied within 14 days the were explanations offered to the Registrar or Treasury Solicitor. The Registrar's letters were temptage of companies as required by statute is in "persistent warning him that unless the default was remedied within 14 in default." The original ambit tently commit a series	Could fearly 52.0 19.1 -10 307 Geteral inc do 2 177.4 20.9 4.5 German 19.2 52.4 1.1 Location 20.4 20.0 1.1 Locatio
	court to disquality him if it thinks fit, though he did not intend to flow the law and his defaults never led to his presecution. The court to disquality him if it thinks fit, though he did not intend to flow the law and his defaults never led to his presecution. The court to disquality him if it to the court for an order to that restrain frandulent persons to thousand repetition was necessary. The court to disquality him if it to the court for an order to that restrain frandulent persons to thousand repetition was necessary. The court to disquality him if it to the court for an order to that restrain frandulent persons repetition was necessary. Usually there was no room for tors and receivers was made by guidance might be obtained the court for an order to that the court for an order to the court for an order to that the court for an order to that the court for an order to the court for	DUIT CS Porthale in. F4 K3 St. 4-32 M0 For Lint Trings 12-5 Ed. -1.7 6.05 German Series -2.2 M0 For Lint Trings 12-5 Ed. -1.7 6.05 German Series -2.2 M1 M1 M2 M3 M3 M4 M4 M4 M4 M4 M4
	Mr Justice Hoffmann so held on an application by the Secretary of State for Trade and Industry for a disqualification order to be made against a before the application, the special condition was refused in the exercise of the of a relevant details. "Adjudged if the legislature's intention that	April Apri
	Section 297 of the Companies convicted or had an enforcement Act 1885, which consolldates the order made against him. Act 1885, which consolldates the order made against him. Provisions of section 188 of the The conclusive presumption 1948 Act as amended by the 1978 was without prejudice to the proof of persistent default in any conclusion of an indictable of conviction of an indictable of convicti	1.00 1.00
	order against a person where it appears . that he has been issue of the present proceedings the liquidator had been in default to provisions . requiring any return, account or other document to be filed with . the ment is the ment to be filed with . The ment is the ment in the ment is the ment	Court Cour
	been referred to the Treasury HIS LORDSHIP said that the liquidator was alleged to have been persistently in default continued until after a summons panies Act 1948 as amended, in relation to the filing or sending been referred to the Treasury being to such restriction was intended. Mr McCulloch's other point was that in certain cases the was intended. These would also the many that in certain cases the was that in	10 10 10 10 10 10 10 10
I LETE	of returns or abstracts required issued in the period more than five but less than 10 years before the required returns to be made to the Registrar of Companies by	1
And the second s	Section 342 said that if a default. The conclusive presumption and the winding-up was not concluded within a year, the liquidation and the winding areas accountant specialising in the should, at prescribed, inter-liquidations and necesverships, and the winding areas accountant specialising in the liquidation was not personable that the liquidation would be selfous consequences for the should, at prescribed, inter-liquidations and necesverships, able disregard of the relevant his staff and his clients.	Arbeitsost Securities Ltd. (a)(c) Arbeitsost Securities Ltd. (a)(c) Wals Wals Wals Arbeitsost Securities Ltd. (a)(c) Wals Wals Arbeitsost Securities Ltd. (a)(c) Wals County Rank UT Lbd County Ran
Property of the second of the	statement containing prescribed tion in his profession. He had particulars. Section 372 dealt practised since 1961, and emportance with receivers and managers. In the case of both sections, any given time he had upon his default in compliance was an hands about 500 voluntary liquidation. At the case of both sections, any given time he had upon his defaults were did not intend to flout the law, hands about 500 voluntary liquidation. The case of both sections any given time he had upon his defaults were be would pay more absolute offence punishable by dations, 75 compulsory biquidation to the receivers and so forth. For the liquidator:	NO lade 10.1
A STATE OF THE STA	fine. In order to secure compliance In a number of cases he had the Registrar maintained a card index diary showing the dates on which returns were due. When a liquidator had been in default for two or three weeks, he was tons it was expected for two or three weeks, he was tons and 13 to 15 receiverships. Culpable disregard of the relevant requirements was a fair description of the liquidator's ampton). Culpable disregard of the relevant requirements was a fair description of the liquidator's ampton). You the Regularity and So total. Culpable disregard of the relevant requirements was a fair description of the liquidator's ampton). You the Regulator and 13 to 15 receiverships. Culpable disregard of the relevant requirements was a fair description of the liquidator's ampton). You the Regulator and 13 to 15 receiverships. Culpable disregard of the relevant requirements was a fair description of the liquidator's ampton). You the Secretary of St irrelevant to whether there had been an offence under the Act. Something the relevant was a fair description of the liquidator's ampton). You the Secretary of St irrelevant to whether there had been an offence under the Act. By Rachel Davidation and David Two conditions in the liquidator's ampton of the liquidator's ampton of the relevant to whether there had been an offence under the Act. By Rachel Davidation and David Two conditions in the liquidator's ampton of the liquidato	O.S. Sold -6.4 1.5 Partington Unit Trust Many. Ltd Handers Sonk Unit Trust Managers Ltd. (g) Handers Sonk Cat. Sold -6.2 -6.3 1.5 Sold -6.3 Sold -6.3 1.5 Sold -6
	sent e reminder, and was asked be concluded and a final compo- entitled the court to impose a Barri	Afterdigt Management Forming Enter In 1915
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	01-246 8026 Minerals We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importer of Building Hardwere relations We are to major exporter and importance of Building Hardwere relations We are the major exporter and importance of Building Hardwere relations We are the major exporter and importance of Building Hardwere relations We are the major exporter and importance of Building Hardwere relations We are the major exporter and importance of Building Hardwere relations We are the major exporter and importance of Building Hardwere relations We are the major exporter and	Uff to Section 1978
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	Share Market Report: Share Market Report: Good service is always our top priority.	An Capting 1.5

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PS (revestment Wanagers Ltd., 190 West Scottle St., Glasgow, Key Fund Managers Ltd. (a)(g) 35. Feattals St. Mandrews M22AF. | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | Robert Flaming & Co Ltd . A, Crusty Square, ECSA GARL

| Construction | Cons | Committee | Comm 35.31 +0.6 2.85

MIM Unit Tet Mars Ltd.
Il Deventire Square, London,
Develop (III-621, 622)



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42.75 43.20 43.55 44.30 45.70 45.70 47.45

44.00

45.55

SUGAR WORLD "II" 112,000 lb, cents/fb

CHICAGO

LIVE HOGS 30,000 lb, cents/lb

PORK BELLIES 38,000 lb. Cents/tb

SOYABEAN MEAL 100 tons, S/ton

Close 14.4.4 14.1 145.8 14.1 145.8 14.1 145.8 14.1 145.8 14.1 145.8 14.1 145.1

U.S. MARKETS

NEW YORK

COCOA 10 tonnes, \$/108

R 25,000 lb, cents/tb

Close 326.5 327.0 329.4 338.7 337.3 340.9 346.6 361.4 366.6 372.3

62.25 63.00 63.19 63.15

61.90 62.30 62.35 63.76

FOREIC

ing companies are involved. The £50m-plus provided up

front by the member companies

is soviously a considerable boost for the London Metal Exchange and should belo re-

store at least some confidence. In the present atmosphere of

uncertainty everyone is fearful of doing business with anyone alse and this has affected trading in other metals as well

as tin. It is no exaggeration to say that the whola future

of the Exchange is in doubt.

A majority of LME members

including most representatives in influential positions, have so far rejected the introduction of

a clearing house system to re-place the principals contract (in which individual members

look after their own credit problems) on the grounds that it would deter trade business

and encourage speculative par-

ticlpation.

The latest crisis, bowever, has given strength to the view that the financial risks involved

in world metals trading these

Metal Exchange is put to the test to which individual metal deal-

we're all right for the moment at least" said a jubilant member of the London Metal Exchange yesterday reporting the latest development in the tin market saga.

The Exchange nave taken the Exchange nave taken to the crisis purist approach to the

The demand by the Metal Exchange for members with outstanding positions with tha buffer stock of the International Tin Council to put up £1,000 a tonne against possible losses following the college of the Council's price support system was considered to be an acid test affecting the whole future of the Exchange. It is estiof the Exchange. It is esti-mated that over £50m bas been stumped up by member com-panies with exposed positions

in the tin market.

If even one company had failed to pay up then the whole structure of the Exchange, relying on each of the 28 ring-dealing members to act as principals to all the business transacted, would have been at risk. In spite of various built-in safeguards, the Exchange is very reliant on the ability of its elected member companies, in the tin market. its elected member companies, with ring-dealing privileges, to honour their financial obligations. If one company went stock as a chear. It will decide under, there would be a whether the buffer stock will demine "effect on all the other ring-dealing members that and whether it should continue

We're all right for the moment at least" said a jubilant member of the London Metal Exchange of last Thursday triggered of last T

The Exchange took the view that essentially this was a potential default by a client, which happened to be backed which happened to be backed by an inter-governmental organisation (the International Tin Council) and had, there-fore, done business through many of the ring-dealing member companies often on very favourable terms. Who, after all, is going to impose strict credit terms on a potentially huge client, who

a potentially huge client, who is acting on behalf of 22 different governments and has been controlling the trend of market prices for many years? Mr de Koning's announcement suddenly called into question the credibility of the buffor stock as a major client buffor stock as a major cuent able to meet commitments.

The meeting of the International Tin Council in London, due to end today, should decide the credibility of the buffer stock as a client. It will decide whether the buffer stock will

would destroy the whole basis to try and support the world

58,500 a tonne) which would require a massive inflow of new funds, or set its support price at a more realistic level.

Pending the outcome of the neeting, the Metal Exchange meeting, the Metal Exchange has tried to ensure that its own pended trading in tin to buy time and has now called up extra funds, from its members, as a down payment against pos-sible losses. Old stagers recall that the

last, and only previous, time when the buffer stock ran out of money (in 1958 when the Russians flooded the market when the buffer stock ran out of money (in 1958 when the Russians flooded the market with surplus tin) that the price initially fell and then recovered sharply. The figures were a bit different then—the market "collapsed" from £730 to £610 a tonne and then surged back to £760—but the principle remains the same.

The sams could happen on this occasion. But bearing in mind the generally depressed state of the metal markets and the long period during which the tin price has been sustained by the skill of the buffer stock manager, at an artificially high level the losses could be much

more severe.

The extent of any losses depends largely on the results of the Tin Council meeting and this in turn affects the extent

LONDON MARKETS

COFFEE PRICES fell back sharply yesterday following Monday's strong gains. Fur-ther gains were made early on but the market then west into reverse and the January position ended the day from to lower at £1,856.50 a tome. Speculative selling was encouraged by reports of rain in Brazilian growing regions and couraged by reports of rain in Brazilian growing regions and an assurance from Uganda's Minister of Co-operatives that the country would be able to meet its International Coffee Agreement export quota. Concern about drought in Brazil and transport problems in Uganda had been the main reasons for Monday's main reasons for Monday even if the present tin crisis is survived, there is no doubt that pressure for the London Metal Exchange to introduce a clearing system, similar to that used by other futures exchanges, will be intensified.

INDICES

REUTERS

DOW JONES

apot 110.72 117.09 Fut. 119.82 120.35.

FINANCIAL TIMES

Oct. 28 Oct. 25 M th ago Year ago

251.44 292.00

(Bast: July 1 1952-100)

Oct. 29 Oct. 25 M th ago Year ago

1718.0 1716.4 1702.2 1898.1

(Beset September 18:1931=100)

ipot 110.72 117.09 - :125.78 iut. 119.82 120.35 - 126.60 (Base: December 31 1831=100)

MAIN PRICE CHANGES

Wheat Fut Jan. (£159.60) No. 2 Hard Wint. 3

In tonnes unless otherwise stated.

† Unquoted. x Oct. Hov. w Nov-Dec.
v Nov. n Dec. † Per 75 ib fizsk, c-Cents
per pound.

In active trading today futures essed at the lows finally closing a little firmer but still in the weaker end of the range. Some comman Interest wan noted but producers remained withdrawn, reports GIII and Outlus.

Seles: 8,440 (4,309) lots of 15

Out 29 +or Month

strong advance, which tool strong advance, which took nearby positions nearly £100 a tonue higher. Some dealers thought that just as the rise had been overdone yesterday's fall was not fully justified. They said the rain in Brazil may have come too late to help the coffee crop.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

Official closing (nrs); Cash 659-5 (673-5), three months 689-8 (686-5), autternent 669-5 (673-5). Final Karticipas 688-7. close: 685-7. Turnovar: 30,675 tonnes.

COPPER

983.5-4 4.55.894.5/963.5 982-3 -2,75.984/977 Official closing (nm); Cash 964.5-5 (396.5-7.5), three months 961.5-2 (394-6), settlement 995 (967.5), final Karb close: 983-4,

closing (am): Cash 944-6 three months 967-8 (972-5-lement 946 (950)-17: 27,750 tonnes. U.S. Pro-28: 86,75-76 cents per pound. LEAD

-9.25 273 |+1.55 279.5/276 Official closing (am): Cash 273-5 (273-5), three months 273-5 (286.75-7), settlement 273-5 (273.5), Final 7). settlement 273.5 (273.5). Final Kerb close: 277-8. Turnover: 14,225 tonnes, U.S. Spot; 18,50-20 cents per pound.

NICKEL

[High/low 2870-80 :-- 67.5 2890-906:-- 47.5 3900/2976 Official closing (em); Cash 2870-80 2980-90), three months 2885-90 (2955-

tohnes. ICCO indicator prices (U.S. cents per pound). Selly price for October 29: 103.50 (104.83); five-day sverage for Oct 30: 105.31 (105.92) CONFIEE > Continued buying from trade and Commission House took prices dramatically higher in the early morning appured on by Brazils drought problems end reports of difficulties with nhipments from Ugenda, prices rose £116 at one point reports of fain is Brazil brought out heavy profit taking with prices eventually closing the contract of the country of the count

closing (em): Cash three menths

tonnes.

1CO indicator prices (U.S. cents per pound) for October 28: Comp daily 1979 136.98 (131.80): 15-day everage 125.08 (123.97). High grade close (p.m.)

£ per tonno -5,25,431,422 FREIGHT FUTURES Close (High/Low) Prev. Oct. 901/904 905/903 898/699
Jan. 900/902 905/903 902/903
April 953/956 956/954 960/954
July 921/949 956
Dec. 950/990 908/990 908/990
July 921/949 956 020/950

GRAINS

MEAT

106.45 +0.85 106.80 + 109.90 +0.65 109.80 + 112.85 +0.48 112.65 -110.10 +0.48 114.90 + 117.85 +0.39 -0.18 97.35

LONDON GRAINS -- Whest: US Dark

Light trading took place between unchanged and 60 points lower, report CCST Compadities.

p. per kijo (deadweight)

WHEAT

Official closing (am): Cash 409.5-10.5 (417-8), three months 427-5 (427-5), settlement 410.5 (418). Sinal Kerb close: 427-8. Turnover: 9,905 tonnes. U.S. Prime Western: 28-38.75 cents per pound. GOLD Gold fell \$7, en eurose from Monday's clees in the Landon builten market yesterdny to finish nt \$3251, 3264. The metal opened nt \$3261, 3265, and tread between a high of \$327-3272, and a low of \$3251, 3269. Trading was extremely dult end featureless.

GOLD SULLION (Sine cunce) Oct. 29

GOLD AND PLATINUM COINS Krigirind 632814 329 (£22814 22814) le Krig-le Krig-177: 17314 (£12014; 12014) le Krig-178 Krig-178 Krig-178 Krig-178 Krig-178 Krig-178 Angel 53214-574 (£2534; 28414) le Krig-178 Angel 53214-574 (£2534; 28414) le Krig-178 Angel 53214-5714 (£2334; 53414) le Krig-178 Angel 53214-5714 (£2334; 53414) le Krig-188 Krig-188 Krig-188 Krig-189 Krig-

PLAUBUM 50 troy oz, S/troy,oz ... 1864 - Low - Prev 361.4 238.0 338.3 1244.5 340.0 341.1 348.0 343.5 344.6 350.5 346.5 348.1 (U.S. cents per pound fob and stowed Caribbean ports.) Prices for October 28: Oelly price 5:04 (5:01); 15-day average 4.95. (4.93). Smies: 15 (5) lots of 50 cercases.

MEAT COMMISSION Average fat-tock prices at representative markets: 18—Cattle 93.57p per kg lw (~0.40). GB.—Cattle 33.57p per kg hw GB.—Sheep 152.75p per kg eat dow (—8.48), GB.—Pigs 81.49p per kg hw (—0.10).

POTATOES Chertist and stop-loss selling as April broke £76.8. Support level repidly unamed values during morning trade. An easier Dutch quote over lunch together with continual speculation with viald figures led to further losses to test £75 support, reports Coley & Harper.

£ per topne

51.80 66.50 75.40 51.70 Sales: 099 (505) lots of 40 tonnes.

Turnover: 60 (74).
The Beltic Freight Index was 902.5 BARLEY

LONDON DAILY PRICE—Rew sugar \$134.50 (£94.00), up \$5.50 (up £2.50) in tonne for October-November delivery. White sagar \$172.50, up \$4.00.
The market consolidated the overnight gains lollowing raneward concern over the drought in Brazil. Although any effect in unitlely to show itself until next years southern campaign begins in June, raports C. Czernikow.

Sales; 3,862 (1,681) lots of 50

SUTE Nov-Dec shipmant C std. F. Sundes STC S455, SWC 3400, STD S455, SWC 3400, STD S400, STD S400, STD S400, STD S400, STD S400, STD S400, SMC 3400, SMC 340 WOOL FUTURES SYDNEY GREASY WOOL Close Marmilen cents per kg. Dec 894.0, 4896. 598.0-835.0; Merch 614.0, 520.0, 4965. May 622.0, 624.0, 628.0-624.0; Jeff 628.0, 630.0, 630.0; Oct 815.0, 528.0, 4/C White 628.0, 640.0, 4/C May 630.0, 645.0; Windows

Latest + or -

CRUDE OIL-FOS (\$ per barrel)-Nov. ORUDE OIL—FOS (\$ per barrel)—NOV.

Arab Light 27.78 27.90 —

Arab Heavy Sa.55-26.66

Dubai 99.00-30, 100 +0,100

W.T.L (long est) 50.00-30, 100 +0,10

PRODUCTS—North West Europe Prompt delivery oif (\$ per tonne)

Heavy fuel oil

GAS OIL FUTURES

Premium gasoline | 280.288 | +2 270.271 | +2 154.156 | -2 154.156 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2 154.245 | -2

* December Petroleum Argus estimate

6 U.O.

Yest'day's + or Susiness Done

SPOT PRICES

SPOY PRICES Chicago locato
16.50 (semn) centa per pound. Per
York tin York tin (___) cent pound. Handy and Hamsen bullion 817.50 (619.00) cents 9

FINANCIAL TIMES

For further details please contact: KENNETH SWAN on 031-226 4139 . FINANCIAL TIMES Europe's Business Newspaper

of the Exchange. Members of the ruling Board laid down by the International Ripple effects could hit the banks

BY DAVID LASCELLES, BANKING CORRESPONDENT

U.S. aluminium producers

plan action against Japan

BY NANCY DUNNE IN WASHINGTON

THE TIN crisis could prove costly for the banks if the International Tin Council takes too long to sort out its prob-lems, and if the ripple effect from the tin market's disruptions spread as wida as some people fear. Bankers ds not foresee a

major calamity—at least as far they are concerned but yesterday they wore watching developments closely. The banks are exposed to the

crisis in two ways.

First, they have belied finance the tin buffer stock. Since the buffer stock is assumed to be guaranteed by the governments of the ITC member countries, these should in theory be safe. However the readiness of these governments to stand fully behind whatever losses the buffer stock manager suffers

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free

market. 99.6 per cent, \$ per tonne, in warehouse, 2,780-

BISMUTH: European free market, min 99.99 per cent \$ per

tonne lost in warehous

CADMIUM: European free market, min 99.95 per cent, 3 per lb, in warehouse, ingots, 0.75-0.79, sticks, 0.82-0.86.

CORALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 11.10-11.35.

MERCURY: European free market, min 99.99 per cent, \$ per flask, in warehouse, 277-

MOLYBDENUM: European free market, drummed molybdic oxide, \$ per 1b Mo, in warebouse, 2.70-2.77.

SELENIUM: European free market, min 99.5 per cent, \$ per b, in warehouse, 7.10-7.20.

TUNGSTEN ORE: European free market, standard min 65 per cent, \$ per tonne unit WO, cif. 62-70.

VANADIUM: European free market, min 98 per cent V O. other sources, \$ per lb V O, cif,

matal dealers either by opening up general purpose credit lines at lending for particular transactions. A collapse in the tin price would be catastrophic for some dealers, and could easily cause a chain reaction that would hit other parts of the metals market. So banks without any direct exposure to the could still suffer.

Some bankers fear, in addition, that a severe disruption of the metals market would put strain on industrial engineers as well though this

customers as well, though this secondary impact looks some way off since supplies of tin are abundant right now.

Quite haw large the banks' direct exposure to tin is, is a

has yet to be tested. One banker yesterday described the stock's backing as "a bit sf a fruit salad."

Second, banks have financed matal dealers either by opening up general purpose credit lines sr lending for particular the collapse of the international thanking system, though they to banking system, though they to be too high; sthers have estimated it in the £100m to £200m range. Nons of these are figures that would bring about a figure of the international thanking system, though they the state of the properties of the international thanking system. the collapse of the international banking system, though they would obviously severely damage any bank that had a concentrated exposure.

The banks loans are secured on the mstal itself. It is customary in commodity financing to ask for cover of 110 to 125 per cent for loans, depending on the customer and whether on the customer and whether or not the metal has been sold forward. But this security would be worth little if it came to the worst because of the fragility of the tin price, so the banks, recoveries would be Much of the bank exposure

is believed to be lodged in the Far East and South East Asia, particularly among banks in the tin producing countries. None tin producing countries. None of the UK banks have any significant exposure to the buffer stock manager, though several of them, including Barclays, the biggest UK bank in commodity finance, have loans ont to metals merchants and healers. brokers. The leading foreign banks in

the market include Banque Nationala de Paris, which claimed last night that its ex-

claimed last night that its exposure was small and the risk well spread.

Banks were generally denying yesterday that they were pulling in credit lines to dealers, but that may be because they had already taken their precautions. "We had seen this coming for some time." said one of them. time," said one of them.

Shell orders crude oil from Iraq

By Maurice Samuelson

plagued by low prices, rising steadily. In 1981 imports land producers, rising steadily. In 1981 imports with Shell International Trading totalled about 935,000 short expected to file an unfair trads case against Japan in the near tons in 1982, 1.2m short tons in 1982 and 1 63m short tons last risks and 1 63m short risks and

stocks and unfair trade case against Japan in the near future.

Producers have been hoping the White House's recent trade opening initiatives would include a case against Japanese subsidies and tariffs on aluminium. Falting an Adminim stratisn case, the Aluminium. Company of America (Alcoa) is imports rose from 117,000 his spening of a pipeline link-from 1984, has been sink-from 1984, has been sink-from

ZINC (HIGH GRADE)

SILVER

Silver wan fixed 1.35p an eunca lower for npot delivery in the London boilion market yearserdly at 430.9p. U.S. cent squivalents of the fixing levels were: spot 677.5c, up 2c; three-month 629.3c, up 2.1c; elementh 641.7c, up 1.95c; ned 12-month 641.7c, up 0.95c. The marxi epened at 431-434p (616-619c) and closed at 431-434p (616-619c) and closed at

for LM.E. p.m. Unofficit troy troy jost. 450,90p -1,35 428,50p -1,90 months, 448,76p -1,46 449,00p -1,60 months, 454,75p -1,55 2 months, 477,60p -2,45 — LME-Turnover: 37 (45) loss of 10,000

Sales: 17,782 (8,704) lots of 5

SOYABEAN MEAL

SUGAR

LONDON GRAINS—Wheet: US Dark Northern Spring Ne. 1, 16 per cent: Sec 133.50, Jan 135.25, Feb 137.65, tranship-ment East Cosst. U6 No. 2 6oft Red Winter: Nov 113.90, Dec 114.90, Jan 117.35, Feb 118.25. EEC French: Nov 125. Englinh Feed, fob: Nov 109.75-110.25, Boston Dec 115.25, Jan 112 bid, Jan/Merch 113.50-114.00, Jan/Juna 115.50-116.00, East Cosst. Melze: US No. S Yellow/French transhipment East 115.50-116.00, East Cost. Mesizs: US
No. S Yellow/Franch transhipment East
Cost. Nov 134 sellin: Barley: English
Feed, fob: Nov 110-110.50, Pata-head
Nov 110.50 bid, English Dec 112.25112.75, Jnn/Merch 116.50-115.76, buyer/
sellers. Rest unquotsed:
HGCA-Locational ex-farm npot
prices. Feed wheat S East 101.00, W
Mide 103.00, N East 104.00. Feed
barley S East 104.60, S West 104.50,
W Mide 103.70, N East 100.50. The
UK monetary coefficient for the week
beginning Mendny November 4 (based
on HGCA calculatione ceing five days
sexchange rates) will remain unchanged

SCOTLAND SURVEY November 27, 1985

URANIUM: Nuezco exchange Coal salesmen impatient for winter value, \$ per lb U O, 16.00. BY GERARD McCLOSKEY

EUROPE's COAL salesmen Charbonnages ds France has have taken to tapping barometers. Clearly the sight of the national utility Electricité

Well might they be worried.
Prices have been falling since
June, in the last four weeks by a full dollar to U.S.\$38/tonne for 10,600 Btu/lb South African steam coal on an FOB bargo basis available in Rotterdam. ampls in Europe. In the UK, where everyone bad predicted shortfall in supplies from the National Coal Board this winter,

large, and growing, stockpiles of coal are proving just too discouraging and the belief has rapidly spread through the trading fraternity thet everything will improve once the cold weather sets in.

Well might they be worried. Prices have been falling since June, in the last four weeks by

contract priced in rands. The South African Association is seeking to renegotiate this contract into dellar-denomi-There seems to be little that this contract into dellar-denominated prices—a quest towards which the French state coal movement short of a new European ice age. Supplies of South African industry, with its African and Anstralian coal are applied in European in the IIK low running costs, the collapse of the rand has brought an immense windfall. In January last year the dollar was worth R1.26, a value which this mouth bad nearly doubled to R2.46. commercial manager is predicting that all qualities of coal will be in ample supply throughout the winter.

Trading attention in Europe has now switched to France has now switched to France where the state coal producer

The slide in prices could not price for deliveries has been agreed at A\$58 (U.S.\$41) a greed at A\$58 (U.S.\$41

predicting price rises for 1986, pbur South African coal FOB bur many producers were hoping to get away with roll-over editor of the FT International prices. mrices.

Meanwhile on the Asian market the Queensland mins Bleir

ket the Queensland mins Bleir

Meanwhile on the Asian market to supply 36m tonnes of coal over the next 20 years to a Tennessee SPOT STEAM COAL MARKER

PRICE \$39 \$45 1984

(South African 10,600 Btu/lb 0.8% sulphur fob barge, Rotterdam) Athol bas snapped up a 400,000-

tonne contract to supply the new Indenesian power station Suralaya. Evontually mine de-velspments on Sumatra are earmarked to provide fuel for the plant but slipping delivery deadlines have let in the new Australian producer. The order

Valley Anthority power station hs been affered to Island Creek Coal, a Kentucky-based sub-sidiary of Occidental Potroleum Corporation, writes Maurice The coal, with an initial

delivered price of \$28.07 a ton, is for the Authority's TVA Cumberland plant in Tennessee. Island Creek, which has the capacity to produce 20m tonnes a yoar, plans to produce it at two deep mines which are currently closed and which will be re-equipped at a cost of \$11m. Island Creek, which already sells about 1m tonnes a year to the Anthority under other con-

SILVER

RUBBER

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Interest rates depress dollar

The dollar lost ground yester-day amid fears that central banks were working to reduce interest rate differentials. Japanese rates have been Japanese rates have been allowed to rise so that a reduction in the margio enjoyed by bolders of U.S. denominated instruments ovor domestic Japanese paper has docreased to such an axient that it no longor compensates odequately for exposure to foreign axchange loss. Thore were mixed opinions as to whether tha U.S. Fed would reduce the discount rate as part of a new squeeze on the dollar. What is certain is that recent operations have effectively loft the initiative with central banks and spoculative domand for the

The market also took note of comment madn by Mr Paul Volcker, chairman of the U.S. Fedoral Raserve Board, which suggested that the U.S. administration would bave to effect more fundamental changes in neonomic policy in order to suppress the dollar. Dealers suggested this as a direct reference to the very large U.S. Federal budget deficit.

POUND SPOT-FORWARD AGAINST POUND

ar 29 spread Glose One month p.a. months

1.4256-1.4395 1.4345-1.4355 0.440-0.37c pm

1.4256-1.4395 1.3577-1.3951 0.48-0.39c pm

1.5510-1.3969 1.3577-1.3951 0.48-0.39c pm

1.4245-1.4355 1.42-1.4255 1.42-1.13

1.4245-1.4355 1.42-1.4255 1.42-1.10 pm

1.4245-1.4355 1.42-1.4255 1.42-1.10 pm

1.4256-1.4395 1.42-1.4255 1.42-1.10 pm

1.4256-1.4395 1.42-1.4255 1.42-1.10 pm

1.4256-1.4395 1.42-1.4255 1.42-1.10 pm

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1.4256-1.4355 1.42-1.4255 1.42-1.10 pm

1.4256-1.4355 1.42-1.4255 1.42-1.42 pm

1.4256-1.4355 1.42-1.4255 1.4

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Three paradical Cities | Ci

Oct. 88 OM TYEN FF. SFC HELLING EN INFR. £ 1.1-1.435 3.765 304.5 11.49 3.085 4.845 2642 1.959 76.85 5 0.697 1, 9.592 812.2 8.005 8.150 2:958 1771 1.865 55.21

OM 0.866 0.391 1. 80.93 3.062 0.880 1.188 675.5 0.881 20.88 YEN 3.884 4.713 18.86 1000 37.78 10.13 13.94 8346 0.435 250.7

FFr. 0.671 1.849 3.276 866.1 10 2.685 3.696 2213 1.706 66.48 SFr. 0.324 0.465 1.220 98.70 3.725 1. 1.370 883.8 0.630 24.78

C\$ 0.510 0.738 1.820 165.4 5.861 1.574 2.166 1227. 1 38.97 B Fr. 1.310 1.880 4.838 398.8 13.04 4.041 5.560 3389. 8.566 100.

Long-term Eurodolises: two years 94_79_2 per cast; three years 94_710 per cent; four years 10_10_2 per cent nomies!. Short-term rates are cell for U.O. Collers and Japanese You; others, two days' notice.

Yes per 1,000: French Fr per 10: Line per 1,000: Beig Fr per 100.

EURO-CURRENCY INTEREST RATES

0.836 0.338 0.886 71.73 2.706 0.727 1. 598.7 0.462 17.93 0.583 0.085 1.480 118.8 4.019 1.214 1.670 1000 0.771 50.04

£ IN NEW YORK 5 1.4370-4390 51,4290-4290 0.44-0.41 pm 0.41-0.40 pm 1,21-1,16 pm 1,20-1,11 pm 3.45-3,30 pm 6.48-5,85 pm

The dollar closed at DM 2.6210 its lowest level since April 1984 and down from DM 2.6430 on down from DM 2.6430 on the dollar is certain is that recent operations have effectively loft the initiative with central banks and speculative domand for the dollar has evaporated. Some corporate demand has enabled tha dollar to remain within recent trading ranges and central banks may be content to exert maximum effect with minimum effort.

The dollar closed at DM 2.6210 its lowest level since April 1981, finishing at Y212.30 from Y213.50. Elsewhere is stipped and FFr 8.0550. Don Bank of England for the content to remain within recent trading ranges and central banks may be content to exert maximum effect with minimum effort.

STERLING — Trading range against the dollar in 1985 is 1.4490 to 1.0525. September average 1.3657. Exchanga rate index rese to 30.8 from 80.5, having opened at 89.5. The six months ago figure was 77.4. Sturling remained on the oldelines, improving against the dolar but easing against European currencies. It closed ot \$1.4345-1.4353, a rise of 75 points but fel against the D-mark to

DM 3.7625 from DM 3.7725. It was also lower against the yen at Y304.50 from Y304.75 and at Y304.50 from Y304.75 and SwFr 3.0850 compared with SwFr 3.0825. Against the French franc it slipped to FFr 11.4850 from FFr 11.4975.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.6190. September avarage 2.8378. Exchange rata index 128.1 against 121.4 six months ago.

index 128.1 months ago. months ago.

The D-mark was firmer yesterday as continued moves by central banks continued to depress the dollar. The U.S. unit was fixed at DM 2.6325 in Frankfurt down from DM 2.6458 oo Monday and the Bundesbank sold a nominal \$1.8m at thn fixing. Market attention was firmly focussed on the conduct of central banks and their efforts to influence currency movements

central banks and their efforts to influence currency movements through interest rates rather than the spot market. Much will depend on how far central banks are prepared to move interest rates in relation to the possible effects oo domestic economic growth.

The dollar closed at DM 2.6215 from DM 2.6430 in 2 late flurry of activity with attention drifting for o whim to locus on tomogrow's U.S. tradn figures. A poor number is expected, reinforcing the need for a lower dollar.

CURF	EN	Y	MO	VEN	ENTS
			1-		_

Oct. 22	Bank of England lodex	Morgan Guaranty Change %
Sterling U.S. dollar Canadian dollar Austrian schilling Belgian Irano Danish Kroner Deutscha mark Swiss Irano Guilder Frasch Irano Ure Yen	50.0 130.0 83.9 118.8 92.0 61.5 128.1 151.0 118.0 68.7 44.0 171.5	-0,8 +18,1 -8,7 +5,1 -9,8 -3,9 +9,9 +13,0 +0,3 -12,5 -19,6 +24,8

1960-1962-100, Bank of England Index (base sverage 1975=100).

OTHER CURRENCIES

Oot. 29	£	•
Arg*tine	1.1480-2.1011	0,8000-0,801
Aus'alia	2,0415-2,0450	1,4275-1,429
Brazi	15,127-18,192	8,445-8,485
Finland	8.0036-8.1074	5.6490-5.651
CLOGGO	216.84-225.57	153,25-156.4
	11,2008-11,2189 122,75°	86,50*
Iran	0.4225-0.4235	A 80475 A 9445
Property of	77,10-72,20	57 20-53 80
Malevies	4.9855-4.9300	2.4010-2.453
N'Z'tand	2,5580-2,5420	1.7660-1.776
Saud Ar.	5.9415-5.2550	3,6490-8,650
Bin'pore .	3.0575-3.0675	2.1365-2.138
S.Af.(Gm)	3,6838-8,7145	2,5805-1,587
S.Af. (FnL	4,9548-5,1390	3,4480 A,571
U.A.E	5,2745-6,2800	3,6720-3,673

CURRE	NCY	RATE	ś
Oct. 29	Bank rate	Special Drawing Rights	
Sterling U.S.S Canadian S. Austria Sch.	8,77	19,7749	0.84019 1.1488 15,848
Belgian Fr.	7	56,9536 10,90000 3/a 2 17401	44.811

2.49496 6.74089 1493.03 178.710 0.62965 135.692 6.64133 1.81230 129.945 0.715060 91₈ 8.57319 153₁ N.2 1 2\$7.379 8.44230 227.372 8.44230 172.563 0.45439 2.30639 165.384 C\$/SOR rate for October 0: 1.45567.

Year

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu omitral rates	Currency associate against Eou October 29	% charge from central rate	% change adjusted for divergence	Olvergence Sm:t %
Belgies Franc	44.8320	2.02093	-1.32	-0.93	±1.5425
Denish Krons	8.12857	2.21140	-1.21	-0.82	±1.8421
German O-mark	2.23840	0.74089	-1.79	-1.40	±1.1455
Franch Franc	0.86402	2,49495	-1.08	-0.89	±1.3654
Ourch Gullder	2.57208	2.715060	-1.31	-0.92	+1.5162
Irish Punt	0.724578	1493.02	-1.61	-1.73	±1.8673
Itslian Hrs	1820.60	44.6115	-0.05	+0.34	±4.0856
· Charges	are for E	cu, therefore	positive chi	sofeneb sens	•

MONEY MARKETS

EXCHANGE CROSS RATES

Signs of increased stability

There was a little more stability on world money markets yesterday, after a confusing period when the U.S. Federal Reserve appeared to be tightneing interest rate policy, in contrast to market expectations of lower interest rates and a weaker dollar after tha Group of Fivo meeting in lata September. Higher rates in Japan and West Gormany ware not unexpected, and ware seen as further measures to strengthen the yen and D-mark agreed at the G5 meeting. However, the group and D-mark agreed at the G5 meeting in New York, when Federal funds ware of 77 per cent, was probably a technicality. Dealers also attached little underlying significance to a further drain yesterday, through matched sales, when funds were trading at 777 per cent, was probably a technicality. Dealers also attached little underlying significance to a further drain yesterday, through matched sales, when funds were trading at 717 per cent, was probably a technicality. Dealers also attached little underlying significance to a further drain yesterday, through matched sales, when funds were trading at 717 per cent, was probably a technicality. Dealers also attached little underlying significance to the funds ware of 77 per cent, was probably a technicality. Dealers also attached little underlying significance to the funds were trading at 717 per cent, was probably a technicality. Dealers also attached little underlying significance to the funds ware of 77 per cent, was probably a technicality. Dealers also attached little underlying significance to the funds ware of 77 per cent, was probably a technicality. Dealers also attached little underlying significance to the funds ware of 77 per cent, was probably a technicality. Dealers also attached little underlying significance to the funds ware of 77 per cent, was probably at the fund of the funds ware of 77 per cent, was probably at the fund of the fund Euromark rates and was designed to keep domestic Gnrman rates steady across the end of the month, and discourage an outflow of funds attracted by higher yields in the courage center (Call money rate)

 $\rho (\mathcal{G}_{\mathcal{G}})$

MONEY RATES

Oct. 20 Ov'r-nig't Month Months Months Months In'y	_
275 445 6 748 4 748 4,90 0,054,95-5,10	

FT LONDON INTERBANK FIXING

five reference banks at 11 a.m. each working day. The banks are Mations Westminster Benk, Benk of Tokyo, Deutsche Bank, Besk Nationale de Paris and Morgan Guaranty Trust.

Treasury Silis (cell): one-month 11½ per cent three-months 11½ per cent. Sank bills (sell): one-recent 11½ per cent, three-month 11½ per cent. Treasury Silis: Average tender rate of discount 11,1334 per cent. Eccof Fixed Fisesce IV: September 4 to Outober 1 (inclusive): 11,597 per cent. Locat outherly and Fisence Houses seven days' notes, others seven days' fixed. Finence Houses Base Rate 12 per cent from October 1 1385. Bank Deposits Rates for sums at seven days' notice 8,25-6,655 per cent (net). Cartificates of Tax Osposits (Series 8): Deposits £100,000 and over held ander one recent 11½ per cent; one-three months 11½ per cent; three-six months 11½ per cent; size-12 recents 11 per cent. Under £100,000 10½ per cent-from October 2. Osposits held under Series 5 11 per cent. Osposits withdrawn for ceah 7½ per cent.

FUTURES AND LONDON 20-YEAR 12% NOTIONAL GI **OPTIONS** Sentiment improves Prices rose on the London International Financial Futures

International Financial Futures
Exchange yesterday, amid generally encouraging economic signs.
Dealers pointed to the significance of the \$17.75bn U.S.
Treasury refunding programme beginning last night. Tomorrow's auction of bonds is regarded as particularly important, as it will show bow strong Japanesa demand is for U.S. paper, after the aharp rise in yields of Jopanese Govornment bonds during the last week. Yesterday's rise in Eurodellar and U.S. boral fintures indicated growing confidence that Japan's very large trade surplus requires a more liquid market for investment than Tokyo, and this means the refunding package by the U.S. Treasury will be successful. Tomorrow is also regarded as important because U.S. trade figures and leading indicators will be published, and are expected to confirm that industrial and economic performance in general is sluggish.

If Friday'o U.S. unemployment data points in the same direction, market bopes of an early cut in the Federal Reserve's discount rate will rise.

Last week's MI money supply Exchange yesterday, amid gener-

early cut in the Federal Re-serve's discount rate will rise. Last week's M1 money supply also showed a largar than ex-pected fall, bringing growth nearer the Feds target range, and also building np confidence and also building up confidence on the interest rate front. Although the money supply trend is expected to be reversed this week, in the present mood of the market this may not be regarded as too disappointing. Among other foctors boosting sentiment dealers also mentioned the weakness of the dollar; a bounce in the Japanese bond market; and a lower Federal funds rate, although the Feds' intervention again to drain funds from the New York banking system came too late banking system cama too late

banking system cama too late to infinence Liffe.

Sterling denominated contracts also gained from the general improvement in sentiment, and from the rise of the pound oo the foreign archanges, which threatened to touch a new high for the years organist the deliver.

TOT U	e year	WRETHE	ot the	uomar.
CU	RREN	VCY I	FUTU	RES
POUNE	S (FO			
Spot 1.4360	1-mth. 1.4312	3-mth. 1.4230	6-mth. 1.4128	12-sith. 1,4003
FMM-		High	Low	Prev
	1,4200	1,4336	1.4160	1,4056
June LiffE—	STERLIN	1.4145 G £26,00		
	Ciosa 1,4315	1.4326	1.4212	Prev 1.AZ10
Jume			=	1,4025
Previou	une 76	open int		3,836)
	DELITSCH			

0.3612 0.3602 0.3646 0.3632 -- 0.3663 se 38 (27) us day's open int. 427 (425) STERLING INDEX

9.00 am 19.00 am 11.00 am

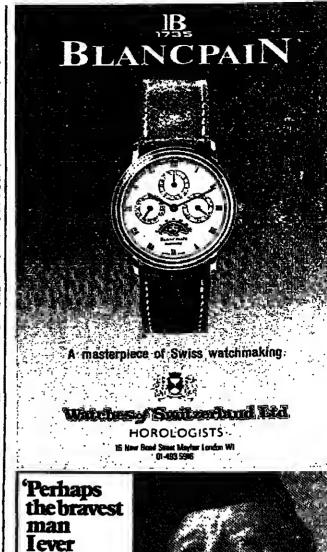
UK clearing banks base lending rate 11; per cent since July 30.

of £70m was also provided.

Three-month sterling inter-bank finished unchanged at bouses buying rates for three-lit-lity per cent, and discount month bank bills ware 11th per cent against 11th-lity per cent.

Six months U.B. dollars

US TREASURY SONDS 9% \$100,000 32nds of 100% Dec 76-25 76-27 76-09 76-17 March 75-10 75-17 75-03 75-02 fst. volume 4.65 (2.850) Previous day's open int. 3,475 (3,338) Close High Law Prev
Dec 112-10 112-15 112-02 112-05
March 112-17 112-15 112-02 112-05
March 112-17 - 112-07
Sept 111-17 - 111-07
Dec 111-17 - 111-07
Est. vokume 3.955 (7.086)
Provious day's open int. 5.473 (4.922)
Basis quote (clean cash price of 13-7.
Trassury 2004-08 less aquivalent price of near futures contract) -0 to +4
(32nds). CHICAGO U.S. TREASURY BONDS (CBT) B% \$100,000 32nds of 100% 10% NOTIONAL SHORT GILT £100.000 64ths of 100% Dec 97-59 High Low Prev Dec 97-59 57-50 57-52 97-52 March 93-06 57-52 97-52 Est. volume 928 (1,155) Previous day's open int. 1,585 (1,812) U.O. TREASURY BILLS (1994) 57m THREE-MONTH STERLING Dec 88.63 85.63 85.62 85.65 March 89.12 89.12 89.00 F2.11 hore 89.34 89.33 89.26 89.34 89.12 Dec 89.27 89.20 89.24 89.12 Dec 89.27 89.20 89.24 89.12 Dec 89.27 89.27 89.20 89.28 Est. volume 2.709 (1.467) Provious day's open int. 7.411 (7.642) FT-SE 100 INDEX 125 per full index point Dec 137.25 137.30 134.65 135.15
March 139.25 136.66 137.05 126.15
Est. volume 513 (17.10)
Previous day's open int. 1.732 (229) LONDON SE E/S OPTIONS £12,500 (cents per £1) March 24.00 19.30 14.40 9.00 0.50 3.50 2.30 PHILADELPHIA SE E/S OPTIONS Juma 10.20 7.40



he cannot ot-four Sergeant 'Tiny' G"T" r"e, DCM, was perhaps the bravest man his Colonel ever knew

Six-loot-four Sergeant Tiny' G**** r**c, DCM, was perhaps the bravest man his Colonel ever knew. But now, after seeing service in Aden, after being booby-trapped and ambushed in Northern Ireland, Sergeant Tiny' cannot bear to burn a corner for tear of what is on the other side, it is the bravest men and women from the Services that suffer most from mental breakdown. For they have tried, each one of them, to give more, much more, than they could in the service of our Country.

We look after these brave men and women. We help them at home, and in hospital. We run our own Convalisacent Home and, for those who are homeless and cannot look after themselves in the community, our Hostel gives permanent accommodation. For others there is not Veterans' Home where they can see but their days in peace.

These men and women have given their minds to their Country, if we are to help them, we must have burds. Do please help us with a donation, and with a legacy too, perhaps. The debt is good by all of its.

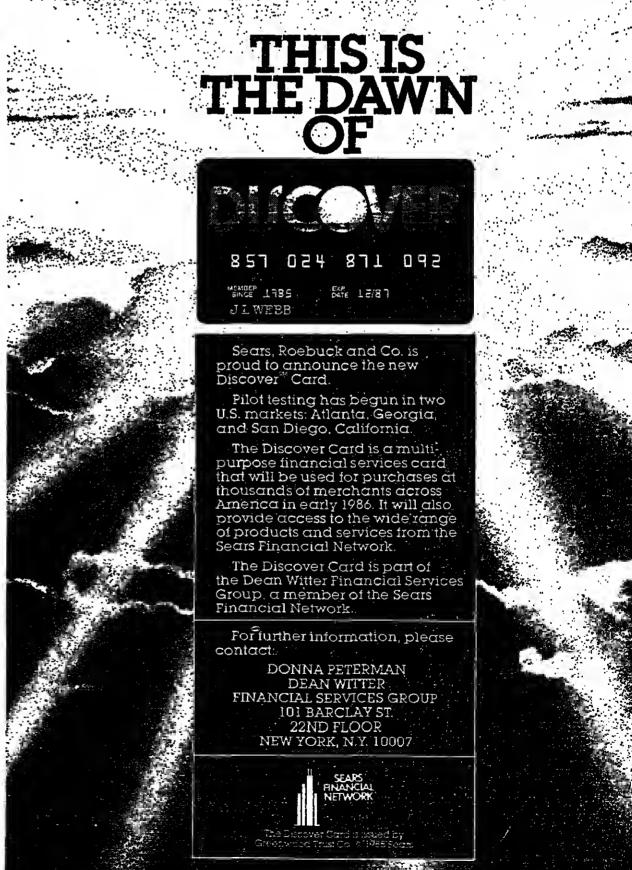
"They're place against these country have a period a few are people as more firm them country."

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EX-SERVICES MENTAL WELFARE SOCIETY



Financial Times Wednesday October 30 11 19 53 Santo 10: 144 +3 LONDON SHARE SERV | 122 | 1881-1881 Group | 100 | 1360 | +2 |
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Financial Times Wednesday October 30 1985 Unities, otherwishe indicated, prices and net dividents are in petter and denormalishes are 256. Estimated pricelearning: ratios and covers are based on littest annual reports and accounts and, where possible, are upstated in half-pearly layers. Price are calculated in "are" distributions thats, earnings per share being compated on profit after teaching and services of ACT where applicable; brachested figures indicate 10 per cent or more difference if calculated in "all" distribution; this compares gross desidend costs to profit after teaching and exceptional profits/bases. Did mediated except are based on "mannum" distribution; this compares gross desidend costs to profit after teaching exceptional profits/bases; but mediated extent, and advanced to ACT of 38 per cent and allow for salve of declared destribution and rights.

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RECENT ISSUES

MARKET REPORT

Surge to record levels triggered by excellent Account Dealing Dates Option *First Declara- Last Account Dealings tons Dealings Day Sept 30 Oct 10 Oct 11 Oct 21 Oct 14 Oct 24 Oct 25 Nov 4 Oct 28 Nov 7 Nov 8 Nov 18 ** "Heav-times" dealings may take place from 8.0 sum tous business days earlier. A fresh Influx of inverteers. A fresh Influx of inverteers.

A fresh luflux of investment A fresh Influx of investment funds swept many shares to new high points in London yesterday. After a shaky start on a none-too-encouraging economic report, the tons stabilised and then responded to the demand which came from both institutional and private towards. responded to the demand which came from both institutional and private investors. Once again second-line stocks were high on buyers' lists and the continuing popularity of these issues was the key to the market's strength. Leading shares were overlooked initially but later helped by an excellent trading statement from top retailer Marks and Spencer. The group's first-balf net profit of £137m exceeded the highest market forecast and attracted heavy buying which lifted the shares 17 to a year's high of 182p. Other Stores were also supported and the sector concluded on an optimistic note.

Sterling's resumed firmness against the dollar had scant effect on sentiment and many international stocks made upenect on senument and many international stocks made upward progress. Takeover speculation reached most corners of the market, although only one new bid was announced, and almost every sector had an outstanding performer. Building shares again took top honours in terms of trade on continuing hopes that the Government may decide tog, crease spending on public works and roads.

Middsy news of the latest Confederation of British Industry monthly survey, which was gloomy about the business outlook but bullish over inflation because of a significant reduction.

because of a significant reduc-tion in cost pressures, failed to dampen enthusiasm. Late in the session, fresh huying gave impetus to the upturn which also gathered momentum from signs of increasing stock shortages.
The upshot was that the FT
Ordinary share index closed 12.7

Ordinary share index closed 12.7 up at a best-ever 1.061.3.

Gilt-edged market attention was focused on the exchange rate. Its improvement ecouraged small interest but the demand was soon satisfied and couraged small interest but the demand was soon satisfied and prices fluctuated narrowly throughout the morning. Institutions were thought to be waiting for a clearer assessment of the Japanese situation and the outcome of this week's U.S. Treasury funding programme before committing themselves. In the late afternoon, however, all Gilts edged forward with more conviction and selected longer maturities finally regained if of Monday's sharp losses. Index-linked stocks were the exceptions and lost ground reflecting the better news 6n in-

nial takeover favourité Commer-cial Union closed tha turn dearer et 249p, after 246p. GRE, however, gave up 5 at 705p. Secondary Breweries returned to the fore as investors took a

however, gave up 5 at 705p.

Secondary Breweries returned to the fore as investors took 9 confident view awaiting the Trade and Industry Secretary's decision on the Matthew Brown/Soutish and Newcastla bid situation. Yank continued to sead the way, rising 10 for a two-day gain of 21 to 378p, while Greene King rose 6 to 230p, after 234p. Davenports closed 13 up at 370p and Boddingtons hardened 3 to 99p. Bid speculation continued in H. F. Bulmer, finally 12 up at 187p, while fellow cidar maker Metrydowa, the subject of an investment recommendation in the trade Press, improved 20 to 345p in sympathy. Distillers were again lively; down to 438p initially, the shares attracted fresh support and touched 448p before closing at 445p for a net goin of 5. Argyll Group eased 5 to 330p, after 325p. Elsewhere in distilleries, Invergordon, still benefiting from Press mention, rose 9 to 174p, albeit in a restricted market.

Construction and Coment

market.

Construction and Cement issues enjoyed another extremaly active session, with quotations rising to new peaks. Among the leaders, Bine Circle Among the leaders, Blue Circle stood out with a rise of 17 to 603p, while rises of 17 to 603p, while rises of 17 to were seen in Taylor Woodrow, 551p, and Mealpine, 338p; and former were helped by reports of a seminar with brokers Hoare Govet. Hopes of a bid from C. H. Beazer prompted speculative activity in Bellway. 64 dearer at 1471p. Ward Holdings were again the subject of takeover speculation but eased to 246p before rallying to close 3 firmer on balance at 251p. McCarthy and Stons advanced 20 to 270p, while Travis and 20 to 270p, while Travis and Arnold were prominent in Timbers with a gain of 10 to 323p. Watts Blake Bearne, reflecting news that Cermic Holdings had increased its stake in the company, put on 4 to 1900.

190p.
ICI traded quietly before closing a few pence lower at

Stores buoyant

ing for a clearer assessment of the Japaness situation and the outcome of this week's U.S. Treasury funding programme before committing themselves. In the late afternoon, however, all Gilts edged forward with more conviction and selected longer maturities finally regained it of Monday's sharp losses. Index-linked stocks were the exceptions and lost ground reflecting the better news 6n inflation.

—Composite Insurances plotted an irregular course in moderate trading. Royals dropped to 705p before rallying to finish a net 2 better on balance at 718p; the third-quarter figures are scheduled for November 14. Perendents of the season of the se Marks and Spencer advanced 17 to a 1985 peak of 182p in heavy trading when the interim profits surpassed expectations. The optimism generated by the sews permested throughout the sector and other leading Retailers also attained new highs for the year. Gains of sround 8 were common to Burton, 540p, British Home Stores, 315p, and Boots, 217p; the last-mentioned is due to reveal interim results next inonth. Woolworth advanced 13 to 550p, but talk of a sizeable put-through unsettled Harris Queensway which reverted to the overnight 258p, after 264p. Mail-orders also displayed some notable gains with Freemans 8

	Oct. 29	Oct. 28	Oct. 95	Oct. 24	Oct. 25	Oct. 23	year ago
Government Secs Fixed Interest Ordinary & Gold Minna Ord. Oiv. Yield Earnings, Yid. %(full.) PE Ratio (net) (*) Total bargains :Est. Equity turnover £m Equity bargains Shares traded (mi)	89,48 1061.3 248,4 4,54 11,19 11,11 24,672	29.52 1048.8 252.3 4.59 11.28 10.99 24.919 441.57 25.277 250.7	90.02 1050.8 257.1 4.59 11.32 11.01 94.771 479.33 97,006	268.5 4.59 11.23 10.99 22,052 472.86 24,566 239.3	1051.3 260.2 4.69 11.24 16.98 23,144 416.2 21,85	1041.0 253.2 4.63 11.36 10.88 24.135 412.74 7 22,431 1 199.3	4.79 11.45 16.50 18,859 952.68 17,062 5-146.5

2 pm 1055.4. 3 pm 1056.5. 4 pm 1059.5. Fixed Int. 1928. Ordinary 1/7/36.

> S.E. ACTIVITY HIGHS AND LOWS INDICES

		5	MDICES
	1985	Since Compilation	Oct. Oct. 28 25
-	High Low		Daily Glit Edged Bargains 127.2 125.6
Govt. Secs. Fixed Int Ordinary Gold Mire	90.38 : 82.17 (26/10) · (28/1) 1061.5 211.0 (28/10/ (26/7)	(9/1/85) (6/1/16) 150.4 50.53 (28/11/47) (5/1/75) 1061.6 49.4 (24/18/85)(28/6/40)	Equities 150.8 175.0 Bargains 892.5 968.8 6 dayAverage Git Edged 237.9 119.6 Equities 117.9 119.6

Canada's Mitel, bardened 2 more to 189p. Elsewhere, Cray gained 13 to 233p in response to news of the acquisition of Malvern higher at 344p and Empire 6 to the good at 164p. Further con-sideration of the agreed bid pro-posals lifted Owen Owen 17 more to 440p, whils suitors Ward White touched 328p before settling 10 up on balance at 3240. Speculative support of the acquisition of Malvern Instruments, while Amstrad continued to reflect recent Press commant with a fresh improvement of 4 at 178p. CASE moved up 17 to 122p and Pressac added 10 at 123p, but CML Microsystems fell that much to 120p. MicroFocus dropped 15 to 100p on lack of support. before settling 10 up on balance at 324p. Speculative support was again evident for James Beattle "A," 6 up at 98p, after 100p, and for Goodman Bros, 5 dearer at 34p. Goldsmiths, on the other hand, dipped 8 to 168p on further reflection of the interim statement, while profitating clipped 6 from recent high-flier Canters "A," at 86p.

100p on lack of support.

GKN featured an otherwise quiet Engineering sector, rising 10 to 260p helped by news of the joint venture with Mitsubishi Steel Manufacturing. Outside of the leaders, ML Heldings were outstanding at 358p, up 21p, following the success of, the recent rights issue, while Clayton Son, a weak market recently on the half-year loss, rallied 9 to 110p. Hepkinson edged up 4 further to 170p and Blackwood Hodge found support at 35p, up 3. Woodhouse and Riven, however, fell 3 to 38ip on the disclosure that the Virani Group had sold its stake in the company.

drawing strength from an invest-ment recommendation, added 4 afresh at 169p, but J. E. Eng-land, fell 10 to 45p as hid hopes faded S. and W. Beristord re-ferred the prevailing uncerthe prevailing uncer-y in commodity markets a loss of 2 to 173p, after

Among quietly firm Hotels, Grand Metropolitan put on 5 at

Pilkington good

Gains in the miscellaneous industrial leaders were usually limited to a few pence or so. Pilkington Bros, however, encountered persistent demand and put 18 to 295p, while Reed International improved 9 more to 689p awaiting today's interim figures. Elsewbere, Prestwich responded afresh to the bumper preliminary figures and closed 12 to the good at 208p, after 212p. Also reflecting trading statements, Clement Clarke advanced 15 to 132p, while Renwick put on 10 further at 208p, after 212p. Also reflecting trading statements. Clement to 310p. Appledore came to life with a gain of 21 to 335p. Speculative demand left Relyon 20 higher at 180p and Cope Allman up 12 further at 252p. Hestair were supported at 123p, up 6. Other bright spots included of the bright spots included 110p. Dalyety, partly reflecting worries about the crisis in the tin market, and Marley, 4 better at 101p. Dalyety, partly reflecting worries about the crisis in the tin market, and fresh selling and fell to 450p before steadying to close 8 down on the day at 460p. Profit-taking in leading's sizeable stake in the company. Bairstow Eves softened a couple of pence to 113p in the sheence of the widely rumoured bid.

Tobaccos returned to favour. Bats advanced 12 to 283p, after the leading. Thereafter, prices ontinued to drift owned to the firmer trend in sterling.

Tobaccos returned to favour.

Bats advanced 12 to 283p, after
285p, while Imps closed 5 to the
good at 215p. Rethmans rose 4

quiet Engineering sector, rising 10 to 260p helped by news of the 132p. Investment Trusts, section 132p. Investment 132p. Investment 132p. Investment 132p. Investment 132pp. Investmen

of pence below the share-erchange terms from minority shareholders Guinness Peat, un-changed at 77p. Exploration Co-advanced 5 to 65p in realy to the increased first-half profits. Brint Investments, quoted on the USM, touched 155p before closing only

session to close with good gains across the board. BP and Shell rose around 11 apiece at 576p and 695p respectively, while Britoil added a like amount 51 223p; Britoil partly-paid were similarly firmer at 143p. News of Lasmo's 12.5 per cent interest in Tenneco's oil and gas discovery in the North Sea saw Lasmo marked up 8 to 255p. Ultramar were 7 to the good at 205p and Tricentrol edged up 5 to 185p, while gains in the region of 4 were common to Burmah, 308p, and Enterprise, 174p. Among secondary oils New London were well supported and settled 5 harder at 55p. Norway's Norsk Hydro continued to reflect strong overseas buying interest and rose i more to £13½, after a year's best of £13½.

Consgold advance

Mines index posted a 3.9 decline to 248.4—its lowest level since August 10, 1982.

Another bout of profit-taking in overnight markets "downunder" prompted renewed falls in Australians of the outset of London trading. Thereafter, prices continued to drift owing to the firmer trend in sterling.

Malaysian Tins fell away for

Malaysian Tins fell away fox third successive trading the third successive trading session awaiting a resumption of trading of tin on the London Metal Exchange. Cornwall's Geever duned 3 more to a 1985 low of 132n while Ayer Hitam fell a further 10 to 2050 and Tronoh a like amount to 170p.

OPTIONS

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Oct 21 Nov 1 Fab 5
Nov 4 Nov 15 Feb 5
Nov 18 Nov 29 Feb 20 Mar 3
For sorts indications see and 64 For rate indications see end of
Unit Trust Service
Call options were taken ont in
Sound Diffusion, Victor Products,
Goodman Bros, Birmid Qualcast,
Bestwood. Falcon Resources.

Bestwood, Falcon Resources, Belhaven, Amstrad, Burmah, Boots, and Racal Puts were done in Dalgety and Sound Diffusion, while a double option was transacted in Helt Lloyd.

EQUITIES

FIXED INTEREST STOCKS

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P1 30	F.P. Nil Hit F.P. d on Viald	dation dat prospector based on indicated	prospect	l Spi 15pi 15pi 25pi 25pi 250 1st de tes. 9	WHY OF CANADA	10pm.—18 91pm —2 222 36pm. 12pm:+28 558 +25 10pm. 5 Figures d. H Dwidsad 10pm:-10pm. 10pm:-10pm. 10pm. 10pm.—18
n nc	sayed e. ?? nits cr	Gosli in omprising	under f	tule 535 ery shar	election merger of Linder Ro. (3). Desit in under Ro. (3). See and townstant.	

NEW HIGHS AND LOWS FOR 1985

MINER (39)

NEW LOWS (62)

House of Legent (1)
House of Legent (2)
Brown Bovert Kent
CML, Microsystems
Comport
Micro Focus

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

		201	1			0-4	20	199	5		Mon Oct 28	Fri Out	Oct 24	Cabbum	
	BUITY GROU		1		rges	Oct	29	170			28	25	24		- 14
	SUB-SECTI in parentheses show stocks per section	v nomber (of Indi	ex C	ay's	Est. Earnings Yield % (Max.)	Grad Div Vield (ACT 309	*	Est. P/E Ratio (Net)	nd adj. 1985 to date	Index No.	toder No.	No.	Ho.	_ \
			6005	24 +	13	19.41		-	12.04	13.81			1 602	M 477.	53
	PITAL 6909S (206) Iding Materials (22)		421	22 1	13	10.66		28 41	11.98	25.93	945.3	1 136		81 1524	23
2 000	Attacting Constitution	m (2B)	- 76 153		0.7	10.55	1 4	92	12.08 11.21	49.9	1257.7	6 1265	72 1286	22 1925	
4 E	ctricals (13)		129	6.91	2.6	11.76 10.57	1 -	50	11.47	8.1	9 317.9	7 318	94 317. 16 222		
		(61)			-0.3 -0.7	11.5	7	.06	10.75 19.01	5.9		5 188	31 187	.87 134	
8 M	ctals and Metal Purns	TIES AND DESCRIPTION OF THE PERSON OF THE PE	19	0.71	+1.0	12.12		147 154	16.30	23.4	8 1016	14 997	.64 995 12 724		1.67
	otors (3.6)	als (20)			+8.2 +1.5	8.7		3.65	14.35	14.7			74 752	.86 523	L37
21 C	ONSUMER GROUP		76	4.11	+1.8	10.8		3.79 4.50	14.09	15.0	6 546	34 543	.05 542 2.18 171		4.87 4.50
	And Manustraction 1979 V	2)		5.02 69.56	-62 -13	5.9	5 3	2.52	22.73			71 116 95 189	110	151 93	9.91
26 F	ood Retailing (3.4) ealth and Household			19.97	+0.8	7.5	- 1	2.92 4.60	17.2	23	716	88 71	241 71		6.58 12.86
27 1				23.44	+0.9	8.5	6	471	15.9		02 1902 18 368		1.03 36	7 04 25	7.98
	elsure (23) lewspapers, Publishin ackaging and Paper	9 (12) (13)	3	71.11	+0.8	2	-	4.14 2.82	123 291	3 12	16 735	47 74	431 74	0.61 49 7.66 21	0.52 13.64
33 F	Stores (42)			65.22 51.06	+4.5			4.77	9.2	9 8	38 347 77 765		3.82 73	7.42 74	19.76
35	rextiles (16)		1 3	74.19	+3.8	16.		5.64	143	2 15	37 694	21 69	1.03 65		19.20 55.24
35 36 41	Tobaccos (3)	······································		48.13 675.16	+0.6		58	3.64	9,5	16 25			5.62 66 7.08 Z	1.00 1	37,18
				220.45	-0.5	7.	22	3.97			26 157	4.09 13	65.51 13	65.05	58.80 87.15
44	Office Equipment (**	W.C. (***********************************		378.60	+8.5		*	3.73	16.	58 1				67.11	6.0
				871.Z) 679.45			45	3.64		-	90 67	116 6	76.82 6	76.83 5	43.45
48	Telephone Networks MDUSTRIAL GROS	- L		686.19	+1	_	2	7.3			0 45 116	1.76 1		164.93	676.32, 588.90,
2	AU - (10)			11841		-	3	43	_	44 3		7.07	11.46		990.34
	CON CURRE INDEX	(500)		728.25 511.0		2	= 1	4.7				0.80	11.07	512.63	41A.48 580.33
61	FINANCIAL GROU	P (114]		510.4	9) -Q		-55	5.8	_		3.40 7	200	900 97	188.95	205.48
62 65	Basies (6) Insurance (Life) (9)			772.9	2 -0	4	- 1	5.4		.68	971 11	81.15	173.84	172.22	836.19 200.69
66	Insurance (Compos	(7)		1177.3	0 - 0	ا ق	7.15	3.4	seal -	- 1	5.88 2		494.03	696.21	423.46
67 68	Mary hant Banks U.	1)		266.2	5 +4		5.42	3/			12.71 6 12.06 3	00.23	294.80	290.51	251.65
69	Property (51)			301.	4 +	-	913		48			12.14	606.91 253.65	685.29 250.31	547.58 274.68
뽔	Amendment Trusts	(107)	,,	61A.	4		2.80	5.	94	9.87		54.23	584,25	524.65	587.12,
83	Mining Finance Co			509.	13 +		2.51					58,12	656.66	656.81	540.23
91		EX (738)	. 14-1-11	664.	-	1.6	Day's	_	_	Oct.	Oct.	Oct.	Oct	0ct 22	Year
99	ALLEGISTIC			Inde	- 1 -	ay's	High		~ - 1		25	24	1346.4		
		- 10-7-7		136	44.5	66 1	364.4	1334	5.9 11	47.4	347.01	13474	1346.4		Year
	FT-SE 100 SHAP	E INDEX					Т		VERAL	E 020	SS	- 1	Tues	Mon Oct 28	(36840E)
	E13	KED II	NTE	REST	Г		1	-	EBEN	PTION	YVELOS		29	28	CORPORA
			 1		_	-1-	긁			Covers	pert years		9.98	9.95	10.98
-	PRICE	Tues	Day's	Mos Oct	100	1	轗		Low Coupons	, 15	years		19.15 19.17	18.18 19.20	19.15
	INDICES	29	change 1	28		10	dane	i <u>3</u> l	- •	7	years		19.76	18,77	11.53
] -{			\top		1		Medica Coupon		years		10.53	10.54 10.21	
-	British Severation	119.50	+0.10	119.1	• —	١,	9.61	6		2	5 years		19.18 19.86	10.92	11.51
	1 5 years	132.71	+0.19	132.4	s -	1.	1.87	7	High		5 years 5 years		10.65	10.57	
	2 5-15 years	138.23	+8.23	137.9	2		1.30	8	Cospor	2	5 years.		10.33 9.75	19.39	
	3 Over 15 years	149.24	+0.05				334	10	Irrede	mables.		1	11.20		12.1
	4 Irredeemables	130.61	+0.17		9 -	<u>- L</u>	111	ü			5 yea 15 yea		13.20	111	6 12.5
	5 All stocks				_		8.97	12			25 year	·	11.20		
	6 Polestores & Laur	113.77	-0.24	_			5.79	┺	Prefe	react		1	11.74	111.7	4 : 121
		\$3.65	 -	83.4	<u> </u>					exen S	rect(S				
	7 Preference			381	risii G	OVERN	MEN					%	3.67	3.5	
	3 Ali stocks	110.64	تده ا	110	. 66	_	2.69		5 Inflati 6		30	×	3.6		

office yield. Highs and lows record, base dates, value

MONDAY'S ACTIVE STOCKS ACTIVE STOCKS YESTERDAY price 217 150 233 460 215 182 285 208 696 44 551 324 chang + 8 - 55 + 13 - 8 + 17 + 18 + 12 + 10 + 16 + 10

						- 111
	EUR	OPEAN	OPTIO	NS EX	CHAN	
	Series	No.	Lest Vo	Len.	Vol. Last	stock 18 526,50
GOL GOL GOL GOL GOL	D C	\$320 25 \$340 17 \$360 — \$300 — \$320 — \$540 —	1 B 2	6.10 6.10 0 16.10	2 16.50 7 4.90 Jone	
	11111111111111111111111111111111111111	FL 995' 15 FL 800' 012 FL 306' 170 FL 010' 55 FL 380' 2 FL 385' 5	6.30 A; 0.50 2.90 1.50 0.30 0.50 0.20 0.10 0.10	10.20 A	12	17
	LEN C PAREN P C AMEGN P HEIN P HOOG P HEIN P HOOG P NEDL IP NATH C NATH P PHILL P PHILL P PHILL P PRID C ROBE P UNIL II	FL640. 886 FL620. 176 FL100. 27 FL2701 100 FL120. 600 FL120. 600 FL120. 600 FL250. 200 FL250. 7 FL180. 15 FL80. 15 FL50. 20 FL50.	12.60 3.70 1.2.60 3.70 1.2.60 1.2.40 1.4.50 1.2.40 1.1.10 1.10 1	72 2.5 72 2.5 10 1.5 17 1.7 17 1.7 94 5.6 16 2. 16 2. 12 21 1.	51 46 60 5 1 1 7 7 5 8 8 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	50 FL528 50 FL526 FL5
.	TOTAL V	OLUME IH OO	NTRACTS: S B=Bid	C=Cal	P∋Pu	t
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nile a double market Lloyd.		- ARTIONS		
	LONDON TRAD	ED OF HOR	CALLS	PUTE E
CAL			- I store I store	Feb. May
Option Jan. A	pr. July Jan. Apr. July	Орион	7 58 66 2	7 12 18 26
F00 90 10	00 5 0 2 28 28	420 2	5 15 92 55	37 48
(573) 550 47 600 17	28 37 30 45 45	Racal 150	8 14 50 5 16 16 18 3 36	20 22 56 56
Cons. Gold 390 107 1	16 100 7 17 17 92 87 62 78 16 85 87	(*128) 140 180 180	14 3 4 56	66 1.56
600 24	62 73 16 25 57 62 - 72 44 -	16.1-4-	77 70 50 16 16 40 50 16 16 40 54	28 57 68 70
650 12 800 6	_ ! _ ! _ ! _ ! _ !	500	2 10 34 37	121 6121 6
Courtaulds 120 38	42 - 1 1 3 88 - 2 3 6 6 23 67 3 6 19	Vani Roefs 60 60 60 70	81e e 81e 6	10 16 1 17
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Com. Unioni 800 56	63 - 114 216 - 45 - 8 6 -	Ex10% 1989 94 96 (%2%)		표 않 =
(*248) 220 22 240 82 260 12	97 34 18 25 26 17 22 18 25 26	100	아시 아시 그 호	= 1 94
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G.E.C. 140 02 (*166) 160 18 160 7 200 2	12 17 18 18 12	Tr. 1178 85/8 7; 108 (2 tt 340 4 th 114 2 th	04 04 04 14 04 24
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LCJ. 600 50	1 70 60 7 16 23	Option	242 man -	ec Mar. June
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1 150 1 -	1=1=118 -1=	(*381) 350 350 375	24 2 2	17 37 36
(*516) 280 41 300 94	01 39 2 3 3	390		6 1 10 1 17
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(*179) 140 48	145 SI 18 18 18	Base 500	156 165 127	2 6 10
550 60	172 52 5 12 13	- (*647) 650 600 650	74 87	5 18 17 92 50 55
Shell Trans 650 60 700 55 750 18	42 50 25 50 40 40 22 - 50 70 -	De Beers 1 480	18 84 46	24 87 46 55 52 70 95 100 -
TraCour Hael 350 32	1 28 38 10 22 20	(*84,16) (460	4 1 12 1 - 1	95 100 = 45 145 =
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LONRO 140 160 ⁺) 160 180	22 86 25 1 7 6 18 15 22 22 1 1 1 1 1 1 1	10 October 20 let	Rudorlying, security p	7108
1 180				

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WORLD STOCK MARKETS

	AUSTRIA	GERMANY	NORW	AY	, AUSTRALIA (continu	ed) , JAPAN (continu	ed)		t-d Statement		
Ļ	Oct 29 Price + or	.}	e + or Oct	Pries + o Kroner —	Oct. 29 Aust. 5	+ or Oct. 29	Price + or Yen -	CANADA			
•	Creditanst'it pod 366 +1 Goesser 490 Goesser 490 Interunfeil 1,420 +20 Lasnderbank 351 +3 Perimooser 555 +2 Stey Daimilor 146 +1 Veitscher Mag 712 BELGRUM/LUXEMBOURG Price + or Oct. 89 Frs. B.S.L 2,455 Banq. Gen. Liux 8,500 +50 Banq. Gen. Liux 8,500 +50 Banq. Gen. Liux 8,500 +50 Cockerit 8,000 +50 Cockerit 8,000 +50 Cockerit 9,500 +50 Cockerit 9,500 +50 Cockerit 10,500 +17 Fabrique Net 2,385 +5 CS 100 +17 Fabrique Net 2,385 +15 CS 2 fino BM 4,272 GSL (27ux) 2,285 +15 CS 2 fino BM 4,272 GSL (27ux) 2,385 +15 CS 2 fino BM 4,273 CSC (27ux) 2,385 +15 CS 2 fino BM 4,275 CS 11 Fabrique Net 2,380 +57 CS 11 Fabrique Net 2,380 +57 CS 2,380 +	AEG 265 Allenz Vera 1,7 8ASF 263 Bayer 293 Bayer 293 Bayer 293 Beyer 1,7 Bayer 293 Beyer 1,7 Bayer 293 Beyer 1,7 Bayer 2,7 Bayer 3,7 Bay	+5 Bergene Borregs Christia DenNon		Oen. Prog. Trust 2.06 Hardie Uarnes: 3.5 Hartogen Energy 2.35 Heraid WyTimes 2.35 Heraid WyTimes 2.35 Jimberiana F.P. 0.27 Kie Ora Gold 2.13 Jimberiana F.P. 0.27 Kie Ora Gold 2.13 Mayne Nickless 3.55 Mayne Nickless 3.55 Mayne Reportum 5.05 Mayne Reportum 5.05 Mayne Reportum 1.25 Mayne Nickless 1.55 Morth Elm Nill. 2.35 Oakbridge 1.48 Pencontenental 1.85 Poneer Cone 2.4 Pencontenental 1.85 Poneer Cone 1.47 Queensland Coal 1.52 Report 1.47 Santos 1.55 Brith Howard 5.5 Brith Howard 5.5 Brith Howard 5.5 Westorn Mining 5.53 Westorn Mining 5.53 Westorn Mining 5.53 Westorn Mining 5.53 Woodside Petrol 5.42 Woodworths 5.42 Woodworths 5.42 Woodworths 5.42 Woodworths 5.42 HONG KONG	O.84 MHY Sank. I Mitsul Bank. I Mitsul Bank. I Mitsul Estate - 0.63 Mitsul Estate - 0.63 Mitsul Estate - 0.64 Mitsul Estate - 0.64 Mitsul Contain - 0.64 Mitsul Contain - 0.64 Mitsul Contain - 0.64 Mitsul Contain - 0.65 Mitsulares. I Mippon Beato. I Mippon Beato. I Mippon Estyress - 0.65 Mippon Estyress - 0.67 Mippon Scien - 0.68 Mippon Stein - 0.68 Mippon Stein - 0.69 Mippon Stein - 0.60 Mippon Stein - 0.61 Mippon Stein - 0.62 Mippon Stein - 0.63 Mippon Stein - 0.65 Mippon Stein - 0.66 Mippon	980 +15 222	TORONTO Prices at 2.30pm. October 29 2229 AMCA Int. \$133, 131, 131, 132, 133, 300 Aberford \$187, 87, 87, 87, 87, 87, 87, 87, 87, 87,	1145 Con Bath A \$16*a 16*a 16*a 900 Chesto 8 1 \$8 5 \$ 5 \$ 8 \$ 8 \$ 8 \$ 10*a 5 \$ 1 \$ 8 \$ 10*a 5 \$ 1 \$ 8 \$ 10*a 5 \$ 1 \$ 1 \$ 1 \$ 1 \$ 1 \$ 1 \$ 1 \$ 1 \$ 1 \$	- 14	+ 14
•	Knr %	Banco Com'le	2 -5.2 Skan Em SKF	nla Free 425	His Electric 1,25	Total Tota	1550 + 120 1512 + 9 1512	12715 Cad Frv 3134, 13 13 13 13 13 13 13 13	** 1	10	235311 Walter R 332 313 517 + 1
(Cofimeg 289,1· +D,9	ARZO	S -OF Swiss Ha	F022	Ols lehi Kan, Bk, 1,490 Dia Hippon Ink 304 Dia Nippon Ptg 1,150 Diawa House 868 Diawa Sec 801	+1D Malay Utd. Ind 9. +17 Multi Purpose 0. -81 OCBC	57 —0.04 84 40	NEW YORK-DOW JOHES		Oct Oct	; 1 L Cot Oct 1285 3 25 84 High Low
, a	Darty 1.602 +47 Dumez S.A. 745 +4 Eastx Cle Oen, 655 Esti-Aquitane 182.5 -1.8 Essilor 2.605 +5 Imstai 70.2 -0.5 Lafarze Coppee, 543 +2 L'Oreal 2.553 -3 Lagrand 2.025 -13 Matsons Phenix 171 Michelin 8 1,115 -4 Michelin 8 1,115 -	Sredero Cert	5 - 0.1 Swiss Rai Swiss Vol Swiss Vol Union Ba Winterthia Zurioh In Zurioh I	Price 4-07 Aust S. — Price 4-08 Aust S. — Price 4-07 Aust S. —	Fanuc	Public Bank	38 - 0.01 72 - 0.91 45 + 0.05 tss - 0.14 55 - 0.02 82 - 0.02 10ct + or und	Andustrials 1,371.86" 1,359.99 1,366.52 1,3 Transport 848.41" 845.80 868.58 8 Uhilides 160.70" 158.28 158.16 1	158.86 157.31 156.24 168.91 148.54 168.91 18.5 172/1/85 172	AUSTRALIA Ail Ord. (1/1/80) Metals & Minis., (1/1/80) AUSTRIA Gredit Aktien (2/1/82) BELGIUM Britsbels SE (5:1/85) 27 DENMARH Copenhagen SE 5/1/85) 1082,6 1082	6.5 1052.2 1051.8 1052.2 125/1001 715.6 17/11 6.6 528.5 552.3 585.5 (20:51 062.5 7.11 65 \$2.15 28.04 105.78 (17/8) 68.21 (24:1) 6.28 2788.12 2768.91 2758.91.24;181 2290.7 (16:1) 11 239.25 257.57 257.57 124;181 158.44 (\$:1) 6.48 217.20 215.8 255.1 (51/5) 188.9 15:1)
- 1	Peugeot S.A 385 :7		+D.1 Bond Con	3.0 -0.05 Hidge 8.30 -0.05 3.4 -0.85	Kawasaki Steel 142 Kirin	-5 Currio Finance 4	5.5 —1,D 1.90, — 1.45	STAMBARD AND POORS	1985 Since Compilation	FAZ Aktien 181/12/581 578,81 574, Commerzbank (1/12/58) 1712,8 1707,	.90 577.21 582.03 582.03-24.15) 382.39 (5/1) .50 1705.2 1720,1 7720,3(24.10) 1111,8 (5/1)
2 2 2 2	Printemps (AU.).; 290 +8.5 Radiotech	Rorento	+1.2 Srambles +3.2 Sridge Oil +3.2 B. N. Prop	1nds 4.52 -0.05 8.35 -0.29	Konishiroku 380 :	+3 Oriefontein 42 17 FS Geduid 70 Oold Fleids SA 70	.60 +0.25 .60 +0.25 .25 +0.66	Det Det	CH Oct Oct High Low High Low JGB 210,27* 208,62 215.83 128.24 216.83 3.62		,25 1671,76 1670,51 1711,51 (19/6) 1920,74 (2/f)
7	Felemec Elect 2,620 20 homkon (CSF) 570 7 /aleo	VNU	CRA	3.52 -0.12 3.52 -0.06 ne Tye 8.1 +0.02	Marubeni 335 Marubeni 325 Marul 320	-9 OK Bazaars 11	88! -0.16	Description 189.41" 187.76 187.52 198	[19/7] (4/1) [19/7/85] [30/8/3] [58 [38,68] [188,64] [195,65] [183,68] [195,65] [4,48]	JAPAN**	.06: 598,14, 394,29 413,38 (8/10) 228,58 (2.1) .04 12854,96 22968,1 13055,6(15/18) 11645,2 (5/1)
•	NOTES-Prices on this p	ago ore as quoted	Consolida	A' 1.8 0.05 edPet 0.44 0.01 ist 2.5 +0.1 /mplc. 2.6 0.1	MEI	+14 Rust Pigt 24 8efron 21 +10 Sage Nidgs 25 -6 Sa Brews 6 Smith (CG1 25	DE ADM E	0-4;	23 Oct 16 Oct 9 Year Age (Approx)	Tokyo 8E Now 41//68) 1019,77: 7020.	9 : 1016,34 1025,62 1057,66 (10,7) 016,95 (4,1)
	individusi exchenges and ere i suspended. xd Ex dividend. xo xa Ex eli.		rights. Elders IXL Energ Res	/mpic.! 8.6 -0.1 3.860.01	M'bishi Chem 501 M'bishi Corp 589 M'bishi Elect 385 M'bishi Estate 1,050	SA Brews	.50 —D,38	led the yield %	73 3.75 3.96 4.10 68 12.64 12.27 10.79	- ANP-GBS Operal (1978) 224,2 224,1 ANP-GBS Indust (1979) 203,2 204,5	76 224.0 225.2 224.70:28 1\$1 ; 185.6 15:11 50 203.2 202.4 204.50.28;18:! 147.9 15:11
-								Long Sev Bent Yield	35 10.50 10.61 12.28 RISES AND FALLS	SINGAPORE	25 881.58 578.58 588.25 (26:10) 284.18 (2/1)
	OVER-THE-	COUNTE	R Nasdaq n	ational market, 2	30pm prices			Oct Oct Oct Oct 29 28 25 24 High	Oct Bct Oct 25 24 23	SOUTH AFRICA	70, 785,92 · 781,16 852,65 (7.5) · 717,80 ;15/7; 7 · 1094,9 · 1068,5 · 1144,5 (15/4) 828,5 (5/8)
Si	nock Soles High Love Less (Heds)	Chap Stock 54	les High Law Last C		Sales High Low Last Choq'	Stock Selec High Lov (Hards)	e Last Cling	100.25* 186.42 100.36 190.80 121.46	94.60 Saves traded 1,977 1,985 1,993	JSE findual (28/8/78) - 948/1 8PAIN	8 950,5 968.9 1058,8 (16/7) 767.1 17:5)
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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Fed policy speech sets firm tone

COMMENTS on Federal Reserve poli-cies from Mr Paul Volcker, the chairman, took Wall Street financial markets confidently into the first leg of the Treasury's \$17.75bn funding programme yes-terday, writes Terry Byland in New

Renewed demand for blue chips pushed the Dow Jones industrial average to a new peak at mid-session, and bonds gained more than a point on reports of strong demand at the day's auction of \$6.75bn four-year Treasury notes. At 3 pm the Dow Jones industrial average was 12.77 up at 1,372.76. This compared with the record closing high of

1,369.29 set on October 17. The stock market was led forward by technology stocks. Texas Instruments recouped \$1% to \$92 after falling sharply in the two previous sessions in response to trading figures.

Pharmaceuticals also advanced and takeover stocks provided many features. The broader market also strengthened as buying spread across the full range.

Strong demand for IBM, up \$1 at \$130%, and a rally in General Motors, up 5% at \$85%, gave the market a good start. Digital Equipment added \$% to \$112%, and other big computer names to KEY MARKET MONITORS

End Month Figures

find buyers included Burroughs, up \$1/2 at \$56% and Honeywell, \$% better at

However, Control Data slipped \$% to \$17% as the market continued to digest

its trading statement.

Xerox, the office copier manufacturer, jumped \$1% to \$50, reflecting Wall Street's satisfaction with third-quarter results, which included financial charges against the insurance division.

It was a busy session for the Wall Street securities firms themselves. Bear Stearns, the major securities trader, shed its private corporation status with a public issue of 10m shares at \$21.50 each. Phibro-Salomon put on \$11/4 to \$38 as investors viewed favourably the groups reduced role in the Philipp Bros commodity trading arm.

However, E F Hutton held unchanged at \$33% after the firm agreed to appoint a consultant to review internal audit procedures in the wake of the cheque overdrafting problems which have brought further comments from the

Renewed signs that the dollar is on the way down brought sharp gains in pharmaceuticals. Merck, a component of the Dow average, jumped \$2 to \$114, and Pfizer at \$45% added \$%.

Bid situations returned to centre stage. Hoover, the vacuum cleaner company, was suspended ahead of Chicago pany, was suspended ahead of Chicago Pacific's agreement to pay \$43 a share for the equity. Hoover returned to trade at \$42%, a net gain of \$1 as some speculators bailed out, disappointed that the revised terms were not higher.

Rumours of a rival bid for Hoover from Scott & Fetzer were scotched when Scott agreed to its own acquisition by Berkshire Hathaway at \$55 a share.

Speculative buyers of Chesebrough-Pond's returned in force, pushing the stock up \$1% to \$43% on hints of an impending bid move from Unilever, the Anglo-Dutch food and cosmetics group recently thwarted in its pursuit of Richardson-Vicks.

Huge turnover in Beatrice Foods left the stock down \$1/2 at \$43%. Kellog, the breakfast food group, bounced up \$2 to \$65% after reporting higher profits and a stock split

Airline stocks looked irregular, with United down \$1 at \$47 in response to the latest trading news. The other domestic carriers also eased but Pan Am edged up \$% to \$7% as bid hopefuls kept the stock on the boil.

Ensearch, the natural gas company, added \$% to \$23% on the results, while an increased dividend brought buyers back in for Warner-Lambert.

But GCA, the semiconductor manufacturer, fell a sharp \$1% to \$9% after announcing a trading loss and a technical loan default.

In the credit market, bond prices sharply extended early gains towards mid-session on favourable reports from the auction of Treasury securities.
Prices had opened strongly after Mr
Volcker said Fed policy was "relatively accomodative.

The key long bond showed a gain of more than one point. However, dealers commented that the serious test for the market will come when Thursday's auction of 20-year bonds will disclose the level of foreign, and particularly Japanese, interest in U.S. bonds.

Short-term yields edged lower, helped by federal funds comfortably below 8 per cent. Further draining of reserves by the Fed, with two-day matched sales, was ascribed to purely technical factors.

The Dow Jones industrial 30 share average took in two newcomers at yester-day's close when Philip Morris and McDonald's joined its list. They replace General Foods and American Brands, respectively.

EUROPE

Takeovers dominate Frankfurt

CORPORATE takeovers continued to dominate a mixed Frankfurt session where the Commerzbank index gained 5.3 to 1,712.8.

Daimler-Benz soared on strong for-eign demand, adding DM 29 to DM 1,104 after a long period of relatively small gains following its bid for the electrical group, AEG. Meanwhile, AEG rose another DM 6 to DM 263 on speculation that Daimler will improve its DM 170 per share offer for all outstanding AEG Deutsche Bank, which will act for the

expanded Daimler empire, gained DM 9.50 to DM 685.

Deutsche Babcock put on DM 5 to DM 220 on speculation that machinery-maker Linde is investigating a purchase of part of Babcock. Babcock denies the rumours. Linde lost DM 3 to DM 595.

In chemicals, news that Bayer expects 1985 to be its best post-war financial year failed to protect the sector from profit taking and Bayer fell DM 4 to DM 253, BASF DM 3.30 to DM 263.70 and Hoechst DM 3.60 to DM 253.20.

Bonds were mostly static with gains of only 10 pfg seen as a technical reaction to losses during the past six trading

Investors in Brussels who were expecting a phase of consolidation after Monday's downturn were yesterday surprised when stocks sharply rebounded. Buying in Groupe Bruxelles Lambert led the market upwards and the stock added BFr 200 to BFr 2,650 in record

An Amsterdam dominated by overturnover. seas investors ended mixed with the ANP CBS slipping from its previous day's record high of 224.7 to end at 224.2. Banks kept their firmness and Uni-lever rose Fi 2.40 to Fi 343.90.

Limited buying of bonds after Mon-day's slump in U.S. bond prices left the market mixed. Zurich was stable after the previous session's bout of profit taking, but senti-

ment about the direction of prices remained divided. Bonds ended steady with a slightly weaker bias. Paris turned mixed to higher as inves-

tors moved to take profits on the market's recent advance and reinvested in issues which have lagged behind the Engineering and construction shares were favoured while electronics and

food issues came under pressure after recent gains. Stockholm turned lower after a three day rally as investors took profits.

Hopes that Italy's present political crisis may soon be resolved buoyed sentiment in a higher Milan while prices fell. in a quiet Madrid.

HONG KONG

A LACK of fresh incentives left Hong Kong mixed after a dull day's trading. A measure of buying interest during the day gave a slight lift to the market and the Hang Seng index closed 2.76 up at 1,654.03.

Utilities, after weakening on Monday, closed generally steady with Hongkong and China Gas at HK\$11.20, Hongkong Electric at HK\$8.20 and Hongkong Telephone at HK\$9.00. China Light firmed 10 cents to HK\$16.80. Banks were gen-

Blue chip sales bring downturn

LACKLUSTRE day's trading was seen in Tokyo yesterday despite a pick-up in business volume, with the start of transactions for delivery in November, writes Shigeo Nishiwaki of Jiji Press.
The return to a downward trend, after

Monday's rebound, came as investors sold blue chip electricals and precision instrument stocks. The Nikkei market average lost 23.12

to 12,913.92 on a volume of 338.8m shares against Monday's 245.3m. Losses outnumbered gains 448 to 343, with 134 ssues unchanged.

Trading usually rises on the first day of transactions for delivery the following month, but yesterday's volume was the thinnest for such a day this year, falling below the 491m-share low in late February.

Large-capital stocks such as steels and shipbuilding were in an adjustment phase and investors remained on the sidelines as leading brokerage houses suffered from a drop on the new bond futures market, where they had invested Investors sold blue chips, pushing NEC down Y20 to Y1,180 and Sony Y150

to Y3,900. Minolta lost Y8 to Y984 and Konishiroku Y17 to Y730. Hitachi and Canon shed Y20 each to Y720 and Y1,230, respectively.

Large capital issues turned up slightly in the afternoon, supported by the yen's appreciation against the dollar, but trading was slow. Nippon Steel added Y2 to Y165 and Mitsubishi Heavy Industries Y6 to Y395.

Speculators began to take capital gains by buying high-priced issues with a par value of Y500. Kokusai Denshin a par value of Y500. Kokusai Densiin Denwa (KDD) rose Y2,000 to Y25,900 and Arabian Oil Y500 to Y3,680, both daily limit rises. Japan Air Lines (JAL) rose Y300 to Y6,310 and Nippon Television Network Y250 to Y9,100.

Oils firmed on the yen's appreciation, with Nippon Oil rising Y44 to Y795. Showa Shell Sekiyu firmed Y28 to Y468 and

Toa Nenryo Y30 to Y1,080.

Among biotechnologies, Dainippon
Pharmaceutical rose Y80 to Y3,090,
Green Cross Y50 to Y2,290 and Yamanouchi Pharmaceutical Y10 to Y3,360. Trading continued sluggish on the

bond market, reflecting investors' concern over the Bank of Japan's policy to guide short-term interest rates higher. But securities houses, which unloaded their holdings during the fall, started buying back and halted the decline.

The yield on the benchmark 6.8 per cent government bond maturing in De-cember 1994 eased to 6.470 per cent from Monday's 6.630 per cent. The lull on the cash market halted the slide on the futures market, but institutional investors and brokers remained uneasy about the outlook for both markets.

LONDON

RENEWED demand from institutions and private investors, following an ex-cellent interim from Marks & Spencer, sent London to new peaks.

The upturn came in spite of a gloomy report from the Confederation of British Industry, the employers organisation, and the FT Ordinary share index closed up 12.7 to a record 1061.3.

Marks & Spencer added 17p to 182p after its statement while Boots was up 8p to 217p in active trading.

Gilts edged forward with selected longer-dated maturities regaining % of

Monday's sharp losses. Chief price changes, Page 31; Share information service, Page 30; Details, Page 28-29

SINGAPORE

AFTER an early upturn due to specula-tive buying profit-takers moved in to take Singapore lower in quiet trading.

However, industrials, which fell sharply on Monday after disappointment at the Malaysian budget, regained some of their losses. Cold Storage added.

6 cents to S\$3.16, and Singapore Press firmed 5 cents to S\$6.45. Banks were generally steady to lower with Malay Banking 5 cents down at

S\$5.95 and UOB 2 cents down at S\$3.62. OCBC at S\$8.40, OUB at S\$2.76 and Tat Lee at S\$2.51, were all unchanged. Elsewhere, Arab Malaysian Development, the most active share of the day, closed steady at 96 cents.

SOUTH AFRICA

LATE buying interest helped most golds to close firmer in Johannesburg. Drie-fontein added 25 cents to R49.50, Vaal Reefs rose R3.50 to R196.50 but Buffels

slipped R1 to R75.50.
Other minings and mining financials followed the firmer trend with diamond share De Beers 35 cents up at R14.60, Rustenburg Platinum 50 cents higher at R25.25 and Anglo American up 25 cents

at R34.50.

AUSTRALIA

PROFIT-TAKING led Sydney to its: sharpest fall in more than a month as BHP continued to slide.

The All Ordinaries index closed 128 down at 1,032.5 with brokers warning that the market was starting a correction phase. The metals and minings index fell 7.5 to 517.6.
BHP, which slid 26 cents on Monday. Hard

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lost another 26 cents to A\$8.56. Concern about lackiustre world metal prices also affected the market, particus

larly mining stocks which closed lower.

CSR fell 6 cents to A53.52 and MIM shed 4 cents to A\$2.62. North Broken Hill was 11 cents down at A\$2.35 and Western Mining fell 11 cents to A\$3.55.

Golds followed the declining trend with Poseldon down 5 cents to A\$3.76

and Kidston 20 cents lower at A\$5,50. Banks were under selling pressure and Westpac fell 15 cents to A\$4.95 on

reports, later denied, that it was plan-ning to acquire a major U.S. bank. ANZ was down 6 cents to A\$5.02, and Nation al Australia was down 2 cents to A\$4.93.

CANADA

THE TORONTO Stock Exchange has itcensed its pioneering computer assisted trading system (Cats) to the Paris bourse, which will be able to extend trading to overlap with North American markets for several hours a day, writes Bernard Simon in Toronto.

Under the agreement Toronto will process all transactions in 50 active Paris stocks on its computers for the next two to three years at a cost of C\$1.1m. Toronto will license Cats software to the bourse for 99 years.

The Paris exchange is expected to install up to 150 Cats terminals in members' offices. A group of 22 Paris traders will visit Toronto next month to train on the system.

Toronto claims Cats is one of the world's most advanced electronic trading systems. It eliminates the need for floor traders by matching buyers and seilers through computers.

The system automatically updates trading information, sends confirmation. of trades to buyers and sellers and retains records of transactions.

Australia and several other European stock exchanges have also expressed interest in acquiring rights to Cats. • The upturn continued in Toronto which traded marginally higher . Among actives, Bank of Montreal shed CS% to C\$30, Canadian Imperial Bank of Commerce rose C\$4 to C\$38 and Dome Period troleum fell 3 cents to C\$2.55.

roleum fell 3 cents to C\$2.55. In Montreal all groups, except mine. traded higher.

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AUSTRALIA 1,045.6 All Ord. 524.6 517.2 AUSTRIA 98.09 98.03 Credit Aktie BELGHUM 2,752.54 2,716.28 Belgian SE CANADA 1,752.1° 1,760.9 2,648.7° 2,637.2 Toronto Metals & Minis Compo 128.3 Portfolio . DENMARK 236.11 SE FRANCE 218.4 CAC Gen 122.8 123.0 Ind. Tendance WEST GERMANY FAZ-Aktien Commerzbank HONG KONG Hang Seng ITALY Banca Comm. NETHERLANDS ANP-CBS Gen 204.5 ANP-CBS Ind HORWAY Oslo SE SINGAPORE Straits Times SOUTH AFRICA JSE Golds JSE Industrials SPAIN Madrid SE SWITZERLAND 501.2 601.5 Swiss Bank Ind Oct 28 Prev WORLD 228.5 228.8 Capital Int'l 111 117 117 117 118 128 COMMODITIES Oct 29 (London) Silver (spot fixing) 430.90p €963.75 Copper (cash) £1,799.50 £1,830.00 Coffee (Nov) \$27.75 \$27.95 Oil (spot Arabian Light) 127 127 128 129 138 GOLD (per ounce) Oct 29 \$326.00 \$326.75 London \$326.55 Zürlch \$327.56 \$327.61 Paris (fbong) \$326.75 Luxembourg New York (Dec)

1984 1983 1982 1981 CURRENCIES STOCK MARKET MIDICES U.S. DOLLAR Praylous Previous Oct 29 1,201.41 1,359,99 1372.76 1,435 OJ Industrials 525.02 141.41 \$ pm Yes 645.60 651.45" 3.7625 2.643 DJ Transport 2.621 159.26 161.01* 304.5 213.5 D.I Utilities 164.78 2123 187.76 555.35* 11.485 S&P Composite 8.055 8.0025 3.085 Prev Yest ago 2.149 2.167 Oct 29 LONDON 4.245 2.9815 1,364.4 1,347.8 1,136.1 FT-SE 100 53.55 658.12 540.23 664.84 BFr CS FT-A All-share 588.00 719.09 1,365 728.29 FT-A 500 510.4 2523 INTEREST RATES FT Gold mines 10.40 10.39 10.33 FT-A Long gilt (3-month offered rate) TOKYO 12,913,92 12,937.04 11,176.9 111/10 1,019.00 1,020.90 853.55 SWFT Tokyo SE 51/10 FF (offered rate) 3-month U.S.\$ 6-month U.S.\$ 57*.2*7 U.S. Fed Fin U.S.3-mont 7.90° U.S.3-month T-bills U.S BONDS Oct 29 Price 100% 1987 874 10.01 1992 1995 10127/32 115.7 10% 102%2 10% 10.39 2015 Yield Day's change (vears) 97.9 130.17 +0.611-30 9.31 +0.40128.70 1-10 578.81 574.90 363.82 8.77 1-3 3-5 125.67 1,712.8 1,224.7 1,062.0 9.55 +0.55130.29 +1.38135.32 15-30 Source: Merrill Lynch 1,654.03 1,651.25 1,039.30 408.90 404.08 209.87 Yield Price AT & T 10% June 1990 101% 8.25 224.7 179.9 83% 10.95 8% May 2000 Xerox 10.47 100% 10% Mar 1993 388.20 381.23 268.71 Diamond Sharrrock 98% 10% May 1993 789.68 772.70 842.94 Federated Dept Stores 10% May 2013 Abbot Lab 11.80 Feb 2013 103% 11.85 1,093.7 1,090.7 948.6 689.3 12% Dec 2012 124.93 125.82 102.39 Source: Salomon Bros 1,439.76 1,448.30 1,462.78 Latest High CHICAGO U.S. Treasury Bonds (CST) 379.5 8% 32nds of 100% 184.1 U.S. Treesury Bills (IMM) \$1m points of 100% Certificates of Deposit (MIM) 432.25p 2968.00

\$326.75

\$326.50

\$328,70

FT-Actuaries All-Share Index STERLING Out 29 Previous 1.4275 3.7725 304.75 11.4975 3.0925 4.225 1,770.0 1,782.5 2,541.5 2,544.5 76.35 76.45 1.3658 1.9594 1.95065

8% 7'% 7.90

Price Yiel 99% 8.89 1017/2 10.106 10.13 1011/62 10.264 1003 10.518

Day's -0.10 -0.09 -0.06 -0.13 Prev

Yield 100% 10.11 82% 83% 11.10 10.62 100% 103% 12.00

98% 12.10 98% 12.25 FINANCIAL FUTURES

77-11 77-11 76-16 76-08 92.97 92.97 92.91 92.88 \$1m points of 100%

92.20 92.20 92.13 92.11 LONDON \$1m points of 100% 91.90 91.91 91.80 91.82 Dec 20-year Notional Gilt

£50,000 32nds of 100% 112-15 112-18 112-02 112-05 Dec

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